

CORPORATE ABILITY AND CORPORATE SOCIAL  
RESPONSIBILITY: A STUDY ON HOW THEY  
INFLUENCE THE COMPETITIVE ADVANTAGE OF  
AN APPAREL COMPANY

By

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“The starting point of all achievement is desire” (Napoleon Hill)

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Abstract: The global apparel industry is becoming increasingly competitive due to the multifaceted nature of the business, diverse global consumer demand, sustainability in business operations, and consistent fashion manufacturing improvements. For an apparel company to achieve and sustain an edge over its competitors in such a highly competitive industry, a strong corporate image needs to be developed through strengthening the firm's skills, resources, and organizational capabilities. Little attention has been given to the scope of corporate ability (CA) and corporate social responsibility (CSR) features in developing the corporate image, and their potential to contribute to the competitive advantage of an apparel company. Adopting the theoretical framework from Gupta's (2002) study, this study investigates the importance of CA and CSR as two dimensions of corporate image and their influence on achieving apparel companies' competitive advantage. The quantitative research design incorporates four manipulated scenarios of US-based hypothetical apparel companies that comprises information regarding CA and CSR attributes. The findings from data analysis offer several interesting insights for academia and management. Firstly, CA and CSR individually appear as important sources of competitive advantage for apparel companies. Secondly, for interaction effects, the influence of either CA or CSR on an apparel company's competitive advantage appears higher when the other dimension exhibits positive attributes. Thirdly, if an apparel company has expertise in either of the dimensions (CA or CSR), it could achieve a competitive edge and could increase the potential to compensate for the poor expertise in the other dimension to some extent. A significant contribution of the study is the documentation of managerial capability and market position of apparel companies as indicators of competitive advantage that can source from CA and CSR. The study further proposes several prospective directions for future research based on the study findings.

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## CHAPTER I

### INTRODUCTION

#### Overview

Corporate Image and its influence on consumer behavior have received much attention in the academic literature. However, the role of corporate image in achieving competitive advantage in the apparel industry has not been explored. Corporate image may be described as an abstract concept of a person's general evaluation of a company (Huang, Yen, Liu, & Huang, 2014), or the overall impression made on the mind of a person about a company (Nguyen & Leblanc, 2001). Since organizations operate in different geographical areas with several stakeholder groups (consumers, employees, shareholders, clients, media etc.), formulation of multiple corporate images is possible according to different stakeholder associations with the company and business types (Nguyen & Leblanc, 2001; Pina, Martinez, De Chernatony & Drury, 2006). While stakeholders form impressions of the corporate image of a company, from an organizational viewpoint, a corporate image can be explained as the efforts and belief of employees related to how they want the stakeholders to think about the company. As a strategic and valuable asset, corporate image allows a company to demonstrate its expertise in managerial capability and this publicity can attract new investors and employees (Pina et al., 2006).

Monitoring and evaluating corporate image also facilitates the financial growth of a company by decreasing the influence from competitor firm (de Leaniz & de Rodríguez, 2016). Outstanding technological innovation and consistent corporate accomplishments can boost the corporate image of a company, while decreasing stakeholder expectations (Nguyen & Leblanc, 2001). Studies have identified two principal components of the corporate image, which are functional and emotional (de Leaniz & de Rodríguez, 2016; Nguyen & Leblanc, 2001; Weiwei, 2010). The functional components measure corporate image in tangible ways (e.g. product features, customer service, social responsibilities etc.), while emotional components measure a person's feelings and attitude regarding a company.

Corporate image can positively influence consumers' purchase intentions (Huang et al., 2014). Consumers are motivated by several attributes of the corporate image, including innovativeness, research and development, product feature and quality, customer service, social responsibility, dynamism, quality of management, trustworthiness and imaginativeness (Gürhan-Canli & Batra, 2004). These types of associations not only determine the consumer's evaluations of a new product but also influence purchasing decisions for individual products (Gürhan-Canli & Batra, 2004). Therefore, increased concentration on developing corporate professionalism and better corporate image can lead to positive word of mouth and increased sales (Gürhan-Canli & Batra, 2004). Positive perceptions of a company's product and services can also result in consumer loyalty (de Leaniz & de Rodríguez, 2016).

Brown and Dacin (1997) identified two dimensions of corporate image: corporate ability (henceforth CA) and corporate social responsibility (henceforth CSR) associations. CA association is related to the company's expertise in producing and delivering its outputs (Brown & Dacin, 1997; Keller & Aaker, 1993), while CSR has a relationship to the product/service or any production process. Through the strategic dimensions of CA, a company expresses its competency and skills in product manufacturing to its stakeholders (Berens et al., 2005; Brown &

Dacin, 1997). CA associations could include the product price, features, quality, technological innovation, employee expertise, manufacturing expertise, customer orientation, industry leadership and so forth (Brown & Dacin, 1997; Gupta, 2002; Keller & Aaker, 1993).

In terms of apparel companies, CA can be described as a company's ability to provide good product features (e.g., environmentally safe, inclusion of recycled materials etc.), excellence in manufacturing expertise (e.g., effective consumption of natural resources, renewable energy consumption etc.), or strive for innovation (e.g., sustainable product innovation). Since corporate ability measures tangible features of a company, CA can play an important role for a customer's evaluation of a company. Moreover, CA associations allow an apparel company to present their expertise in managerial capability in certain areas, which can lead to securing a competitive position in the market. Therefore, this study explores the importance of CA associations, as a strategic dimension of the corporate image on the competitive advantage of an apparel company.

CSR associations can be defined as both the moral and managerial obligations of a company towards the welfare of society in which they operate and meeting the expectations of different stakeholder groups (Esmaeilpour & Barjoei, 2016). According to Carroll (1979), these obligations include several dimensions including economic, legal, ethical and philanthropic responsibilities. Earlier studies indicate that CSR associations of a company not only positively influence several dimensions of consumer behavior (e.g., beliefs, attitudes, satisfaction, loyalty) (Aksak et. al., 2016; Dahlsrud, 2008; Gauthier, 2005; McWilliams, Siegel, & Wright, 2006; Van Beurden & Gössling, 2008), but also contribute to the positive corporate image of a company and organizational stability (Connelly and Limpaphayom, 2004; Mayard, 2007; Orlitzky et al., 2003). Apparel companies' CSR activities might include environmental concerns (e.g., waste management, recycling etc.), corporate giving (e.g., voluntary donation, sponsoring good cause events etc.) or community development work. This study will explore the impact of different

attributes of CSR as another dimension of the corporate image, on the competitive advantage of an apparel company.

Porter (1985) defined competitive advantage as the value proposition offered by a company to its buyers, the benefit of which outweighs the cost of achieving it. Day and Wensley (1988) described competitive advantage as the relative superiority of providing customer value, reducing costs, increasing market share, and profitability. Later, Barney (1991) defined competitive advantage as the implementation of rare, inimitable value-creating strategies; which minimize threats from competitors, improve the organization, and secure a competitive position in the market. Supporting Barney's (1991) definition of competitive advantage, Chang (2011) underlined the importance of competitive strategies for a company to have benefits that are difficult for its competitors to achieve. When multiple companies operate within the same market, a company can create a competitive position over other companies through maintaining higher profits, therefore achieving competitive advantage (Grant, 2010; Li, Ragu-Nathan, Ragu-Nathan & Subba Rao, 2006). Table 1-1 summarizes the definitions of competitive advantage from previous studies.

Table 1-1

*Definitions and findings of competitive advantage from previous studies*

Source	Definition of competitive advantage	Findings from the study
Porter, 1985, p. 3	Competitive advantage grows fundamentally out of value a firm is able to create for its buyers that exceeds the firm's cost of creating it.	Importance of value chain in diagnosing competitive advantage, ways in how a firm can gain a sustainable cost advantage and differentiation, and the powerful role of technology in determining competitive advantage
Day & Wensley, 1988, p. 2	The term (competitive advantage) is used interchangeably with "distinctive competence" to mean relative superiority in skills and resources. Another widespread meaning refers to what we observe in the market positional superiority, based on the	Illuminated sources of competitive advantage, importance of superior customer value and cost superiority, and both customer and competitor perspective based assessment of advantage

Table 1-1 (continued)

*Definitions and findings of competitive advantage from previous studies*

Source	Definition of competitive advantage	Findings from the study
	provision of superior customer value or the achievement of lower relative costs, and the resulting market share and profitability performance.	
Barney, 1991, p. 102	A firm is said to have a competitive advantage when it is implementing a value creating strategy not simultaneously being implemented by any current or potential competitors.	Importance of strategic planning, information processing, and a firm's reputation as sources of sustained competitive advantage
Li, Ragu-Nathan, Ragu-Nathan & Subba Rao, 2006, p. 111	Competitive advantage is the extent to which an organization is able to create a defensible position over its competitors	Importance of supply chain management (SCM) practices on competitive advantage and organizational performance
Grant, 2010	When two or more firms compete within the same market, one firm possesses a competitive advantage over its rivals when it earns (or has the potential to earn) a persistently higher rate of profit	A study guide for students and managers for several concepts, frameworks and techniques required to better make strategic business decisions in addition with better analysis of competitive advantage, corporate and business strategy in diversified business context
Chang, 2011, p. 363	Competitive advantages is defined as a condition which competitors are not able to replicate its competitive strategies executed by the company, nor are competitors able to acquire the benefit that the company obtains by means of its competitive strategies	Discussion of the "green management" concept as an outcome generated from the relationship among corporate environmental ethics, green innovation, and competitive advantage

Based on the definitions mentioned above, a new concept of competitive advantage can be proposed as follows:

“Competitive advantage can be defined as the state when a company implements value-creating strategies that are difficult for the competitors to imitate concurrently, in order to achieve

relative superiority in customer value, market share, profitability and cost, and therefore maintain a competitive position in the market in which they operate.”

Corporate image can create a distinctive and credible appeal of a company, which results in company preferences, loyal customer support in troubled times, and increased value in the financial marketplace (Yeo, Goh, & Tso, 2011). Roberts and Dowling (2002) suggested that companies with a relatively good company image can sustain superior profitability in the long run. Research studies show that a favorable corporate image can benefit a company in several ways, including charging price premium on customers, increased investments from the stock market, highly motivated employees, cost advantages, new product introductions and faster recovery from crisis (de Leaniz & de Rodríguez, 2016; Keh & Xie, 2009). Other studies indicate that an organization’s engagement in CSR activities contribute to achieving a sustained competitive advantage (McWilliams & Siegel, 2011; Chang, 2011; Saeidi et al., 2015). Therefore, a favorable corporate image as a strategic intangible asset of an organization can effectively contribute to competitive advantage (Keh & Xie, 2009; Yeo et al., 2011). Moreover, Pina et al. (2006) emphasized the importance of corporate communication and the stakeholders’ experience of a company role in the creation of a valuable corporate image. Since organizations operate with a variety of stakeholders, it is difficult to address all of the stakeholder issues at the same time. To deal with this problem, companies need to maintain strategic corporate communication to identify and prioritize both crucial issues and stakeholders’ needs (Yeo et al., 2011). Effective communication with stakeholders, therefore, is a major way to maintain competitive advantage (Yeo et al., 2011).

#### Problem statement and research objectives

In the present era of modernization, the global fashion industry is evolving dramatically. Hence, the apparel industry has become one of the most multifaceted and challenging businesses

in this century. Consistent fashion improvements, many stakeholders and rapid innovation have exposed apparel companies to operate in a highly competitive global apparel market. Research on what ventures or corporate strategies apparel companies need to achieve sustainable operations in such a competitive market have not received much attention. Several studies attempted to explore the influence of CSR activities on consumers' purchasing behavior of apparel product (Diddi & Niehm, 2016; Kozar & Hiller Connell, 2013; Rodrigues & Borges, 2015), or CSR communication of apparel companies with the stakeholders (Kozlowski, Searcy & Bardecki, 2015; Woo & Jin, 2016). However, little research has explored CSR attributions and their impact on certain dimensions of competitive advantage (e.g. managerial capability, market position, profitability etc.) for an apparel company. Moreover, compared to the existing literature of CSR with respect to apparel companies, few studies have been found that address CA as a dimension of the corporate image and discuss its possible influence on apparel company's attainment of competitive advantage. While involvement in socially responsible activities can elevate corporate image significantly, unethical business practices (e.g., disregarding labor rights, unequal employee treatment, limited concern for environmental safety) can severely compromise corporate image as well as reputation; according to annual corporate reports of several apparel companies (International Labor Rights Forum, 2009). In either case, to achieve competitive advantage, the ability of an apparel company's good CA attributions to compensate for a bad CSR standing, or vice versa is a gap in the literature that this study hopes to address. Additionally, whether high scores on both CA and CSR are required to achieve competitive advantage for an apparel company has not been adequately addressed in earlier studies. Based on the above arguments, the following research objectives were explored in this study:

1. To explore the influence of CA as a dimension of corporate image on achieving apparel companies' competitive advantage,



2. To explore the influence of CSR as a dimension of corporate image on achieving apparel companies' competitive advantage,
3. To explore the combined influence of CA and CSR as the two dimensions of corporate image on the managerial capability and market position of an apparel company,
4. To explore the combined influence of CA and CSR as the two dimensions of corporate image on consumers' purchase intention,
5. To explore whether good CA of an apparel company can compensate for a bad CSR and vice versa, towards achieving competitive advantage,

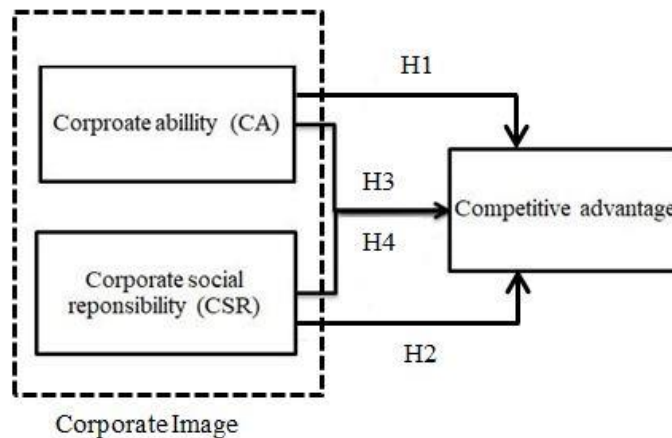
#### Identification of theoretical framework and research method

Brown and Dacin's (1997) theoretical model analyzed the influence of CA and CSR on consumers' product evaluation. Findings from the study indicate that companies gain advantage from consumers' knowledge about the CA and CSR, and therefore can devise consumer-oriented business strategies and develop products accordingly. According to the theoretical frameworks from earlier studies, consumers' behavioral and purchase intentions, and social responses were found to be influenced by CA and CSR attributes. (Berens, van Riel, & van Rekom, 2007; Huang et al., 2014; Lee & Qu, 2011; Marquina Feldman & Vasquez-Parraga, 2013; Walsh & Bartikowski, 2013). Day and Wensley's (1988) study demonstrated that organizational capabilities (CA) could potentially lead to increased market share and profitability, consumer satisfaction, and loyalty – all being indicators of competitive advantage. Through a conceptual framework, Barney (1991) discussed the importance of value creation, rareness, and inimitability for firm resources to provide competitive advantage over other firms. Chang (2011) developed a framework that analyzed the mediating role of green product innovation and green process innovation on achieving competitive advantage by an organization.

According to the problem statement of this study, the objectives were to explore the influence of CA and CSR, individually and combined, on the competitive advantage of an apparel company. Based on the previous studies and scope of this research context, competitive advantage attributes identified for this study were managerial capability, position in the market, willingness to purchase, and willingness to pay premium prices. While several theoretical frameworks analyzed the influence of CA and CSR on purchase intentions, their potential as sources of competitive advantage has not been further studied. Similarly, managerial capability and position in the market, as sources of competitive advantage generated from the mutual interaction of CA and CSR have not been studied. Therefore, a theoretical framework that utilizes CA and CSR as independent constructs and analyzes their individual and combined influence on competitive advantage as a dependent construct will offer new knowledge to the existing literature.

Gupta (2002) first studied CA and CSR - two strategic dimensions of corporate image - as a source of competitive advantage and found significant relationships among these constructs. Gupta (2002) incorporated attributes related to consumers' purchasing intentions, loyalty, and satisfaction to measure competitive advantage as a result of the interaction of CA and CSR. Findings from Gupta's (2002) study demonstrated the varying influence of the interaction of CA and CSR on competitive advantage for the light bulb industry. CA and CSR individually showed a positive influence on competitive advantage. However, the interaction of CSR with CA appeared as statistically less significant, towards achieving competitive advantage, since consumers were mostly concerned with light bulb features rather than the company's societal obligations. (Gupta, 2002). Later, Mayard (2007) conducted research on the perspectives of consumers and corporate leaders, based on the same theoretical framework, and further supported the findings from Gupta's (2002) study. According to the problem statement and relevance of the research objectives, Gupta's (2002) theoretical framework appeared to be a good fit for the study.

Therefore, adopting the theoretical framework from Gupta's (2002) study, the current study attempted to explore the possible influence of CA and CSR, as two dimensions of corporate image, on the competitive advantage of an apparel company. The study incorporated two measurement items for competitive advantage (willingness to purchase, and willingness to pay premium price) from Gupta's (2002) study and two other measurement items of competitive advantage from other studies (Bataineh & Al Zoabi, 2011; Chang, 2011). Figure 1-1 provides the theoretical model adopted from Gupta (2002).



*Figure 1-1. Theoretical framework adopted from Gupta's (2002) study*

Creswell (2013) recommended a quantitative method as the best strategy to identify possible factors that influence an outcome. Since this study aimed to explore the influence of CA and CSR as two dimensions of the corporate image on the competitive advantage of an apparel company, a quantitative research method was appropriate. An experimental research design was developed with four hypothetical US based apparel firms' company descriptions. To develop the hypothetical apparel companies' description, the researcher analyzed recent corporate sustainability reports along with media reports on the contemporary issues of several US apparel companies. The manipulated stimuli contained information regarding validated CA and CSR

measurement items from earlier research studies (Bataineh & Al Zoabi, 2011; Brown & Dacin, 1997; Chang, 2011; Gupta, 2002). An online survey instrument was utilized for data collection. A convenience sampling method was utilized and included faculty, students, and other employees from a large Midwestern university.

### Significance of the study

Since limited research focused on CA attributions of apparel companies, this study attempted to expand knowledge by exploring four attributes of CA (product feature, manufacturing expertise, customer service and technological innovation). The measurement of these attributes not only allowed the researcher to analyze their effectiveness as pertinent CA attributes but also described their relationship to the competitive advantage of an apparel company. Moreover, both Gupta (2002) and Mayard (2007) measured competitive advantage with items oriented to consumer behavior. Therefore, this study incorporated two new items of competitive advantage (managerial capability and market position) (Bataineh & Zoabi, 2011; Chang, 2011) and measured their effectiveness based on the corporate image of an apparel company.

Several earlier studies explored appropriate CSR strategies for apparel companies to adopt; however, how CA attributes could affect the formation of a better corporate image still require study. Therefore, this study offers academia and industry suggestions about how CA measures could influence favorable corporate image. Competitive advantage influenced by corporate image dimensions (CA and CSR) offer guidance to managers regarding ways to communicate organizational expertise and pertinent corporate strategies with consumers.

### Organization of the study

Table 1-2 summarized the definition of terms used in the introduction chapter. In the next chapter (literature review), the previous studies on CA, CSR, and competitive advantage were

explored and hypotheses were developed based on CA and CSR's potential to contribute to competitive advantage for an apparel company. Chapter three (Research Methods) discussed the research design, instruments, sampling, and data collection steps for this study. Chapter four provided results and discussion of the findings from data analysis. Finally, chapter five presented the summary of the findings, theoretical and managerial implications of the study, limitations of the study, and future research directions.

Table 1-2

*Definition of Terms*

Term	Definition	Source
Corporate image	A reflection of an organization's identity and its corporate brand as seen from one constituency. Based on the type of constituency, an organization can have multiple corporate images	Argenti & Druckemiller, 2004
Corporate ability (CA)	The strategic dimensions of a company through which it expresses competencies and skills comprised of product quality, services improvement and innovations to its stakeholders.	Berens et al., 2005; Brown & Dacin, 1997
Corporate social responsibility (CSR)	The moral and managerial obligations of a company including economic, legal, ethical and philanthropic responsibilities; towards the welfare of society in which they operate and meet the expectations of different stakeholder groups."	Esmailpour & Barjoei, 2016
Competitive advantage	An advantage / edge that a firm can achieve through intangible business practices, which are difficult for competitors to duplicate	Porter, 1985

## CHAPTER II

### LITERATURE REVIEW

#### Overview

The purposes in this part of the study were to (1) introduce the concept of corporate image and its dimensions: corporate ability (CA) and corporate social responsibility (CSR), (2) present previous studies regarding corporate image, CA, CSR and competitive advantage, and (3) propose the hypotheses based on the theoretical framework from Gupta's (2002) study.

#### Corporate Image

Brown and Dacin (1997) discussed corporate image as the collective representation of corporate associations of a company to a particular constituent (for example, consumers, employees, investors, communities, government, media etc.). Corporate associations can be defined as the set of information regarding a company perceived by any person that allows him/her to evaluate the company (Brown & Dacin, 1997). These associations include perception, belief, emotion, attitude, and action of a person regarding a company (Brown & Dacin, 1997). Further studies have found that corporate image is constructed based on consumers' perception, feelings, knowledge, and attitude towards a company (Nguyen & Leblanc, 2001; Weiwei, 2010). Based on the corporate associations, different constituents (customers, employees, investors, community,

government etc.) of a company develop specific perceptions, or images (Argenti & Druckemiller, 2004; Brown & Dacin, 1997). Lee and Qu (2011) demonstrated corporate image as memory nodes in a consumer's mind where company information along with other associations are stored.

Pérez, de los Salmones and del Bosque (2013) found a strong positive influence of corporate ability and corporate social responsibility – two dimensions of the corporate image (Brown and Dacin, 1997) - on consumer behavior in their study. Consumers pose strong attachment to particular companies which offer better CA in terms of effective service, availability of locations and good marketing of products and services (Perez et al., 2013). However, while CSR might have little influence on customer satisfaction, knowledge of CSR allows consumers to have better identification with a company (Perez et al., 2013). Therefore, to maintain a competitive position in the market, a company must create a better corporate image by understanding its consumers' needs and expectations and incorporate them into their CA and CSR strategies (Perez et al., 2013).

Huang et al. (2014) demonstrated the possibility of competitive advantage through effective CA and CSR attributions. According to the study, faster customer service would result in increased consumer identification. According to , consumer-company identification allows a consumer to align organizational values and services with one's social identity and needs. Consumers improved perception of the company allows establishment of a better corporate image; consumers' purchase intentions positively influence the corporate image. Moreover, CSR engagement not only implies organizational concern for societal development, but also responsibility towards employees and their well-being. Focusing on overall improvement of the employees can certainly improve the service quality and positively influence the corporate image (Huang et al., 2014). Since corporate image positively impacts consumers' purchase intention, it will lead to increased sales and greater market share by a company (Huang et al., 2014). In

addition, effective CA and CSR attributions influence greater organizational capability, which influences consumers' preference for a company. With greater market share and better organizational capability, it is possible for a company to achieve competitive advantage (Bataineh & Zoabi, 2011; Chang, 2011). A strong company image also allows building up stronger relationships with consumers, which will lead to consumers' intention to pay premium prices for products (Keh & Xie, 2009).

### Corporate Ability

Corporate ability (CA) can be defined as the strategic dimension of a company through which it expresses competency to its stakeholders (Berens et al., 2005; Brown & Dacin, 1997). Prior research described CA as a set of competencies and skills of a company comprised of product quality, services improvement and innovations (Luo & Bhattacharya, 2006; Rust et al., 2002; Sirdeshmukh et al., 2002). Product quality and price were described as key factors of CA (Brown & Dacin, 1997; Boulstridge & Carrigan, 2000); several other attributes include product features, research and development, technological innovation, manufacturing expertise, customer orientation, industry leadership, innovativeness, employee expertise and potentially other factors (Brown & Dacin, 1997; Gupta, 2002; Keller & Aaker, 1993). Positive CA association for a company facilitates not only the increased revenue and profits, but also strengthens consumer trust and confidence in the company (Brown & Dacin, 1997; Doney & Cannon, 1997; Castaldo et al., 2009; Sirdeshmukh et al., 2002).

Studies show a positive relationship between a company's CA and competitive advantage (Gupta, 2002; Mayard, 2007). A company with strong CA can positively influence purchasing decisions of consumers. Moreover, CA has been found to positively influence a consumer's purchasing decision whenever there is a risk association with a product (Gürhan-Canli and Batra, 2004; Mayard, 2007). Gupta (2002) pointed out that a consumer would be motivated to purchase



from a company with higher CA associations than the one with lower CA associations. Gupta (2002) also demonstrated that to achieve customer satisfaction as a means of competitive advantage, the importance of CA is greater than CSR.

#### CA of apparel companies as a source of competitive advantage

Studies exploring CA of apparel companies as a dimension of corporate image have received little attention in the literature. An example of positive CA is demonstrated by Nike's performance in product and manufacturing expertise. In recent years, Nike marketed apparel and footwear products that have minimal environmental impact and integrate recycled materials. Besides, the company has excelled in product manufacturing, which resulted in Nike's excellent revenue growth over the past five years. On the other hand, Abercrombie and Fitch's severely compromised their corporate image due to inappropriate, sexually explicit contents on the advertising that the company used to market its apparel products along with inequality among employees, contributing to a negative CA (Lutz, 2013). Recently, H&M received a huge outrage from its consumers due to a t-shirt design containing the image of a black child who was referred as "coolest monkey in the jungle". Consumers found this design concept as a possible source of racism, which resulted in severe chaos in the South African stores and massive boycotting of that product. Another scenario of negative CA includes Michael Kors' marked decline in sales due to its exaggeration as a luxury brand in recent years, which consequently decreased consumer purchases of the brand (Schlossberg, 2016).

The ever-increasing fast fashion trend among many apparel companies has fueled argument regarding their CA (Ethical Fashion Forum, 2010; Tan, 2016). Being motivated towards higher sales and greater market share, fast fashion apparel companies are primarily concerned with offering consistent new products at low prices in the market. Consequently, consumers are being exposed to lower quality products with shorter product life cycles. Focusing

on rapid fashion change diverts apparel companies' interest from manufacturing innovative, quality product. Also, fast fashion production indirectly contributes to increased landfills, more toxic waste disposal and customer dissatisfaction. However, several companies have devised strategies to reduce the threats from wasteful fast fashion production strategies. H&M and Patagonia have initiated clothing item return programs to reuse and recycle used garments to produce raw material for new product manufacturing. With additional incentive/promotional offering, these companies can inspire their consumers to return the used garments instead of disposing of them. Rent the Runway encourages its consumers to rent high quality, costly apparel products for a particular period, instead of purchasing them. These strategies from apparel companies may contribute to building a positive corporate image in the consumers' mind. Additionally, such strategies can develop managerial capabilities for the companies and ensure a competitive position in the market, which will contribute to competitive advantage.

Based on the above discussion, the study proposes following hypotheses:

H1a: CA influences a company's managerial capability

H1b: CA influences a company's market position

H1c: CA influences a consumer's willingness to purchase

H1d: CA influences a consumer's willingness to pay premium price

### Corporate Social Responsibility (CSR)

For a long time, CSR has been a very popular concept across a number of research fields. Khojastehpour and Johns (2014) defined CSR as the process through which a company goes beyond its economic performance and embraces its societal obligations. Consumers in this 21st century are highly concerned about the ethical performance and reputation of a company. Consumers have demonstrated increased preferences for sustainable products and services. The

desires for consumers to buy products from companies demonstrating ethical business practices has increased management's desire to engage in socially responsible activities (Aksak et. al., 2016; Dahlsrud, 2008; Gauthier, 2005; McWilliams, Siegel, & Wright, 2006; Van Beurden & Gössling, 2008). Literature shows that organizations' CSR communications to consumers creates positive word of mouth, positive purchasing intentions and elevated perception of an organization (Bhattacharya & Sen, 2004; Feldman & Vasquez-Parraga, 2013). Therefore, when a company addresses its consumers' concerns regarding ethical business and social problems, it builds up a positive image in the consumers' mind. From the perspective of corporate image, Brown and Dacin (1997) explained CSR as a company's activities which address important socio-economic issues. Such organizational responsibilities influence a consumer's positive attitude towards a company, regardless of the product and services offered. Carroll (1979) identified four dimensions of CSR that contributes to the corporate image of a company: economic, legal, ethical and discretionary expectations of the surrounding society towards that company. Beesley and Evans (1978) also conceded that through working on the dimensions of CSR, organizations can represent a socially responsible image to their stakeholders.

In the literature of the early 2000s, scholars found the importance of CSR as an influential tool not only for determining the purchasing decisions of consumers, but also for creating a better organizational image for stakeholders. To achieve long term benefits and consistent profitability, companies should focus on devising pertinent CSR strategies (Aksak et. al., 2016; Lantos, 2002; Manning, 2004). Among the three categories of CSR (altruistic, ethical and strategic) identified in the study, Lantos (2002) found that strategic CSR is an important marketing tool to establish a better corporate image and financial stability. Other scholars also found that with the integration of strategic CSR in the business policies, economic progress of a company can be facilitated (Munilla & Miles, 2005). Davis (2005) added the potential of CSR

strategies to improve financial performance and thereby increase competitive advantages over other companies through increased market share.

To build up a strong corporate image and a sustainable business, a company must ensure consumer satisfaction and financial stability (Adams and Zutshi, 2006; Berkhout, 2005). Previous studies suggest that organizations can increase consumer satisfaction through ethical treatment of consumers and employees (Carroll, 2004; Maignan et al., 1999; Taylor, 2003). According to stakeholder theory, stakeholders' satisfaction majorly determines the financial performance of an organization (Orlitzky et al., 2003). Connelly and Limpaphayom (2004) found a positive influence of a company's environmental performance on market valuation and long term financial performance of that company. Mayard (2007) stated that to maintain good leadership strategy in a particular market, companies should increase their investment in CSR practices. Several other studies have also suggested the positive impact of CSR on a company's improved financial performance, better corporate image and competitive advantage within the market. (Alafi & Hasoneh, 2012; Crosby & Johnson, 2003; Mayard, 2007; Willmott, 2003).

Aksak et al. (2016) discussed the possibility of good corporate reputation as a positive outcome of good CSR practices. According to Fombrun, Gardberg, and Barnett (2000), corporate reputation allows a company to clearly represent the outcomes of their actions to their stakeholders. This is very important because it allows stakeholder evaluation of organizational methods and influences perception of the corporation's reputation. The perception and evaluation of organizational image among the stakeholders is crucial to ensuring the ongoing viability of a company (Šontaitė-Petkevičienė, 2015). Aksak et al. (2016) suggested that with good CSR strategies, a company would be able to develop pertinent public relations strategies, through which a company can ensure better relationships with their stakeholders. Improved relationships result in higher corporate reputation, consequently leading a company to increased sales, long term profitability and a better market position. Several other studies have found that positive

corporate reputation of a company brings higher return on investment, increased market value and sales growth (Gruca & Rego, 2005; Kotha, Rajgopal & Rindova, 2001; Roberts & Dowling, 2002). Therefore, it is evident that good CSR leads to corporate reputation, and corporate reputation ensures competitive advantage (Aksak et al., 2016; Khojastehpour & Johns, 2014). In their study, Park, Lee & Kim(2014) identified corporate reputation as the strategic resource of competitive advantage and, CSR as a desired element to maintain good corporate reputation.

To excel in a competitive business environment, a company must understand their competitors' business strategies, achieve stakeholders' trust and ensure employee loyalty (Šontaitė-Petkevičienė, 2015). Therefore, CSR strategies should be formulated in such a way that they reach every organizational level because people at any level of the organization can communicate meaningful information based on these strategies, to ensure positive growth of the business (Brown, 2005; Feldman & Vasquez-Parraga, 2013). Moreover, Weber (2008) discussed five potential areas where CSR positively influences the competitive advantage of a company: corporate image, employee motivation, sales volume, market share and cost savings. To improve competitive performance, a company should adopt unique CSR initiatives that differentiate it from other companies, establish better relationships with the stakeholders, contribute to its surrounding community, and take care of their employees. (Petrović-Ranđelović, Stevanović & Ivanović-Đukić, 2015). This is also suggested by Porter's diamond of competitive advantages model; competitive performance of a company can be favorably influenced by improving the living and working conditions, community and internal business environment (Porter, 1990). To facilitate competitive advantage along with CSR, Petrović-Ranđelović et al. (2015) discussed three constructs of innovation: continuous improvement, benchmarking and special competence. While continuous improvement allows a company to maintain customer satisfaction with consistent process improvements, benchmarking acts as strategic tool to determine the degree to what these improvements are needed, to achieve competitive advantage (Petrović-Ranđelović et

al., 2015). Finally, carefully analyzed business strategies, above-average value added innovations with high competitive potentials serve as the special competences of a company (Petrović-Randelović et al., 2015). CSR strategies coupled with these innovation constructs could fuel the strong competitive position of a company (Petrović-Randelović et al., 2015).

#### CSR of apparel companies as a source of competitive advantage

Sustainable business practices can be referred to as an organization's long term and short term activities with minimal impact on the triple bottom line of sustainability (social, economic & environmental) (Ahi & Searcy, 2013). Several research studies on different apparel companies' business activities indicate that the company's effort to conduct sustainable business practices often integrates CSR strategies (Diddi & Neim, 2016 Perry & Towers, 2012; Li, Zhao, Shi & Li, 2014; Dargusch & Ward, 2010). Incremental global sourcing of apparel products, labor-intensive business policy, and propensity for low cost production (Dickson, Eckman & Loker, 2009; Laudal 2010), the apparel industry needs to adopt different kinds of social, economic and environmental projects as a part of business standards to improve people's lifestyle and contribute to society and communities (Carroll, 1983). The scope of these projects might include ensuring fair wage policy and proper working conditions for workers, integration of eco-friendly materials in apparel products, equitable treatment of employees, donations to charities, effective communication with stakeholders, and so forth. Therefore, CSR practices not only allow organizations to maintain business compliance (Mann, M., Byun, Kim & Hoggie, 2014), but also better address the needs of consumers and other stakeholders, to achieve competitive differentiation (Diddi & Niehm, 2016).

Mann et al. (2014) also discussed that a wide range of apparel companies maintain code of conduct policies (CoC) based on Worldwide Responsible Accredited Production (WRAP)/ Social Accountability International (SAI) guidelines, to ensure workers' rights and better working

conditions. Perry and Towers (2012) highlighted that employee concerns and their working conditions are very important for apparel companies to maintain a competitive position. Moreover, apparel companies' inclination to conduct business in an environmentally responsible way can also favorably influence corporate image (Mann et al., 2014). According to Cone Communications (2011), since global consumers prefer to purchase sustainable products; engagement in environmentally concerned business will reinforce apparel companies' commitment towards CSR activities (Rondinelli & Berry, 2000). Such commitment consequently leads to financial benefits and consumer loyalty (Mann et al., 2014).

Through effective CSR strategies, apparel companies can publicize their expertise in organizational capability. Through proactive CSR approaches, GAP Inc. Company established a strong supply chain with improved working conditions and increased employee efficiency (Arrigo, 2013). To improve the lifestyle and technical skills of female garment workers outside the industry, GAP initiated a community development program "P.A.C.E" (Personal Advancement & Career Enhancement), which facilitated empowerment of women in its contracted factories (Arrigo, 2013). GAP Inc.'s socially responsible actions not only strengthened its relationship with stakeholders but also increased its market share (Adcock, 2014). Nike and Patagonia have also demonstrated excellence in the fields of fair labor policy, better working conditions, prohibition of child labor, and safety measurements – improvement in these issues consequently elevated the corporate image of both companies (Adcock, 2014). Moreover, Zara's increased concern about doing business ethically allowed the company to incorporate vertical integration strategies, which gave the company competitive advantage over other apparel companies (Diddi & Niehm, 2016). Perry and Towers (2012) performed an analysis of six apparel companies based on five different levels of CSR strategies (Defensive, Compliance, Managerial, Strategic, and Civil). The study showed that apparel companies with strategic and civil type CSR strategies demonstrate better organizational capability than apparel companies with compliance or

managerial type CSR strategies (Perry & Towers, 2012). Therefore, integration of socially and environmentally responsible business strategies may allow apparel companies to excel in managerial capability as well as secure stronger market position through increased sales – two important factors of competitive advantage (Arrigo, 2013; Bataineh & Zoabi, 2011; Chang, 2011; Weber 2008).

Apparel companies' CSR activities can influence consumers' purchase decisions. Consumers' choice of sustainable apparel products depends on the environmental concerns and recycling practices of a company to a great deal (Rodrigues & Borges, 2015). Therefore, conducting business with minimal impact on the environment and integrating sustainable features in apparel products can affect consumers' purchasing decisions (Rodrigues & Borges, 2015). However, according to Cone Communications (2011), uncertainty arises as often companies fail to effectively promote, or communicate, their socially responsible activities to the consumers. Findings from Iwanow, McEachern & Jeffrey's (2005) study indicate that consumers often give less concern to apparel companies' philanthropic activities; putting product price and quality as major determinant factors for purchasing. Therefore, to influence the purchasing motivations and create a socially responsible company image, apparel companies need to effectively communicate and promote their CSR approaches to consumers (Mann et al., 2014; Rodrigues & Borges, 2015). Diddi and Niehm (2016) suggested that consumer loyalty and corporate reputation can be increased significantly with the social value resulting from CSR attitudes. Patagonia's loyal consumer base and elevated corporate reputation could be a good example as a positive outcome of effective CSR communication and engagement in ethical business practices (Diddi & Niehm, 2016). Mann et al. (2014) indicated that to maintain a leadership position in the market, it is important that apparel companies effectively communicate with the stakeholders regarding their CSR practice.

Based on the above discussion, the study proposes the following hypotheses:



H2a: CSR influences a company's managerial capability

H2b: CSR influences a company's market position

H2c: CSR influences a consumer's willingness to purchase

H2d: CSR influences a consumer's willingness to pay premium price

#### Previous literature studies on competitive advantage

In order to explore strategies required to achieve competitive advantage within an industry, Porter (1985) identified the importance of 'value chain' as a diagnostic tool that segregates the activities of a firm (product design, production, marketing, and product distribution). According to Porter (1985), the value chain helps a company to identify effective cost advantages and differentiation – two major types of competitive advantages, which provide managerial strategies to differentiate firms from their competitors. Through a narrow competitive scope, a company can tailor its value chain to achieve competitive advantage, while a broader competitive scope allows the corporate management to redesign the organizational structure and improving the interrelationships of different departments (Porter, 1985). Therefore, utilization of both narrow and broader competitive scopes could create as well as enhance the competitive advantage of a company (Porter, 1985). Moreover, analyzing the business operations of potential competitors can be beneficial for a company to properly identify market share opportunities with the goal of improving the firm's competitive position (Porter, 1985).

Day and Wensley (1988) also acknowledged the importance of the value chain as a management tool for maintaining competitive advantage. Emphasizing the differentiation strategy, Day and Wensley (1988) suggested that superior product quality and services could positively influence consumers' purchase intentions for premium priced options. Such positional advantage could potentially lead to superior customer value, increased market share, and profitability (Day &

Wensley, 1988). Similarly, Winer (2004) identified three basic characteristics of competitive advantage in his study: generation of customer value, consumer perception and unique differentiation strategy. Winer (2004) explained the importance of increasing consumers' perceived value of a company's products and services while adopting inimitable leadership strategies to achieve competitive advantage.

While discussing firm resources (assets, information, knowledge, skills, capabilities, etc.), Barney (1991) highlighted four empirical indicators that the resources need to possess to provide competitive advantage – value, rareness, imitability, and substitutability. Barney (1991) suggested that to generate competitive advantage, a company should have resources that are valuable in a way that it improves organizational effectiveness and minimize outside threats, rare and difficult to duplicate for the competitors, and without resources which could potentially substitute them. Additionally, strategic planning processes, sophisticated information processing systems, and positive reputation of a firm were identified as important sources for a firm's competitive advantage (Barney, 1991).

Referring to Japan's revolution in the manufacturing industry after WWII, Stalk (1988) identified time as another valuable source of competitive advantage. Strategic time management in product development and innovation, planning, production, distribution, and sales can allow a company to achieve a competitive edge over its competitors (Stalk, 1988). Vesey (1991) also acknowledged that time-to-market goals positively influence market share and profitability. Later, Handfield and Pannesi (1995) added that time-based competition as an organizational capability which could enhance global competitiveness. Moreover, research identifies organizational processes as a source of competitive advantage due to their contribution to cost advantages, quality advantages, and new product time-to-market schedules. (McGinnis & Vallopra, 1999).

## Interaction of CA and CSR as a source of competitive advantage

To maintain a greater market share with increased sales of products in a competitive environment, Porter (1985) suggested that a company ought to provide competitively priced products, improved customer value and higher product quality. Competitive advantage can be achieved across different dimensions, including product quality, price and services offered by a company to leadership, managerial capability or the differentiation strategies (Bataineh and Zoabi, 2011; Chang, 2011; Chen, Lai, and Wen, 2006). Porter (1985) introduced two major types of competitive advantage: cost advantage and differentiation. In earlier competitive advantage research, differentiation strategy was popular (Aaker, 1998; Barney, 1991; Day and Wensley, 1988; Ghemawat 1986; Nakra 2000; Sen & Bhattacharya, 2001). Differentiation allows a company to generate unique organizational value through offering exceptional products and customer service, which consequently leads to superior financial performance and competitive advantage (Barney, 1991; Porter, 1985). Differentiation as a strategic tool (Gupta, 2002) and a parameter for organizational efficiency (Peters, 2007) enables a company to distinguish itself from other companies, which create a unique organizational image (Porter, 1985). Peters (2007) suggested that with the help to differentiation strategies, a company could create greater customer value, consequently leading to increased purchase intention and price premiums (Day and Wensley, 1988). Majeed (2011) added that higher product quality, convenience, delivery speed, technological support can provide a company with competitive edge over its rivals.

Ehrenberg et al. (1997) and Selame (1997) acknowledged that products and organizational processes alone could not lead to competitive advantage. Social responsibility and transparency can also facilitate competitive advantage over other companies from a consumer's viewpoint (Sen & Bhattacharya, 2001). Researchers have found that to achieve greater market share and to establish a strong corporate image as a strategic asset, it is necessary to differentiate itself from competitors (Day and Wensley, 1988; Ghemawat, 1986; Maignan & Ferrell, 2004;

Petrack et al., 1999; Porter, 1985; Zahra, 1999;). According to Gupta (2002), consumers' evaluation of a company and their purchasing decisions solely depends on their perception of the company's CA and CSR. Several studies support the positive relationship between the corporate image and competitive advantage of a company (Carroll, 1999; Carroll, 2004; Dean, 2004; Gupta, 2002; Gueterbock, 2004; Kinard, Smith & Kinard, 2003; Schuler, 2004).

Corporate reputation depends upon a good corporate image from the consumers' viewpoint, which can also influence consumer satisfaction. Corporate reputation helps companies to repeatedly attract new customers as well as retain the old ones, which leads to increased sales, higher return on investment and higher levels of organizational performance (Chun, Da Silva, Davies & Roper, 2005; Kotha et al., 2001; Roberts and Dowling, 2002). Moreover, corporate reputation has been identified as the primary source of elevated perception of products and services, repeat business, reduced costs and long term high consumer satisfaction, which consequently leads to sustainable competitive advantage. (Cabral, 2012; Carroll, 1979 & 2004; Galbreath, 2002; Matzler & Hinterhuber, 1998; Walsh, Dinnie & Wiedmann, 2006; Walsh, Mitchell & Jackson, 2009).

CSR, as a marketing tool, can be very influential towards achieving competitive advantage for a company. Through consistent community development activities and corporate giving, corporations can build up a significant level of consumer trust and loyalty for a company (Brown and Dacin, 1997; Sen and Bhattacharya, 2001). Consumers find a company more reliable and perceive it as better organized than competitors when they see a firm acting ethically and in environmentally conscious ways (Cryer & Ross, 1996; Lafferty & Goldsmith, 1999). Companies with elevated customer evaluations are often rewarded with increased purchases from consumers, which results in increased revenues (Auger, Burke, Devinney & Louviere, 2003; de los Salmones, M.M., Crespo & Del Bosque, 2005; Mohr & Webb, 2005).

With the adoption of sustainable product innovation strategies, a company can differentiate itself from its competitors with lower costs, reduced waste and increased productivity (Porter 1985; Sharma, 2000). Green management as it is called, increases the profitability of a company and therefore enables it to achieve better financial performance over other competitors. While green products and services can account for the CA association, environmental management, waste recycling, and energy saving can refer to the CSR association of a company that concentrates on green innovation (Chen et al., 2006). Such organizational involvement in product innovation, improvement of products and services quality, and environmental concern allow companies to improve their corporate image, which could potentially lead to price premiums, better profit margins, and new market share contributing to competitive advantage. (Chen et al. 2006, Chen 2008, Chen 2010). Chen (2008) also suggested that adoption of green process innovation can improve both the manufacturing efficiency and recyclability through reduced pollution, therefore reducing resource utilization and facilitating a low-cost advantage.

Berens et al. (2005) highlighted the importance of CA associations as highly essential cues that influence consumers' product evaluation and positively affect their product attitudes, whereas CSR appeared to have little to no effect on product evaluation. Berens et al. (2005) further added that CA associations increase the reliability of product quality with the dominance of corporate brand on the market share, compared to the insignificant effect of CSR attributions. In their study, Lin, Chen, Chiu & Lee, (2011) reinforced the importance to incorporate CSR along with existing CA attributions for managerial considerations based on their findings. Findings from Lin et al.'s (2011) study suggested that attributes of CA and CSR can mitigate the negative publicity generated during a product-harm crisis period on consumers' purchase intention. Additional findings from Lin et al.'s (2011) study indicated that organizations might fail to leverage the benefits from its well established CA and CSR through ineffective communication of

these strategies. Management could benefit from well-aligned CA and CSR attributes that focus on achieving consumers' trust and therefore could influence and improve their purchase intentions (Lin et al., 2011). In a cross-cultural study, Walsh and Bartikowski (2013) identified positive influence of CA and CSR associations on word of mouth, satisfaction, and loyalty intentions by the consumers.

With the goal of understanding the mutual interactions of CA and CSR, it is necessary to examine situations where CA and CSR behaviors may differ among firms. Let us consider two companies, one provides good product features and services but shows disinterest in environmental concerns, corporate giving, and proper employee treatment. Another company lacks quality in product features and services, however, cares for the environment, support corporate giving and treats its people well. Apparently, the first company possesses high scores on CA attributes and low scores on CSR; the second company scores low on CA and high on CSR attributes. Hence, the researcher aimed to better explore consumers' viewpoint to assess these different company scenarios. Folkes and Kamins (1999) demonstrated that unethical business policies (CSR attribute) of a company might prevent people from buying even good quality products. Similarly, socially responsible actions of a company does not influence people's purchase intentions of inferior products.

Berens et al. (2007) examined similar situations through several conditions: whether favorable information on both CA and CSR associations would be necessary to create personal preferences, or favorable information on one association could potentially compensate for the unfavorable information of another. Findings from Berens et al.'s (2007) study provided significant information for consumers and managers regarding CA and CSR. From a consumer's perspective, relevance of CA information or CA attributes including a good CSR record did not compensate for poor CA. For product evaluations, only good CA was effective, and poor CA supplemented with good CSR when customers' personal relevance of CA seemed less important

(Berens et al., 2007). From an organizational perspective, a company can demonstrate its socio-environmental concern by heavily investing in CSR while having low expertise on product quality and services (CA). Organizations could benefit from such investment through communicating with potential stakeholders and attracting them to collaborate for business extension (Berens et al., 2007).

The prior discussion suggests additional research avenues to explore. Is it necessary for apparel companies to maintain both good CA and CSR attributions to secure competitive advantage? Or does CSR become effective when a company posits expertise in CA attributions, or vice versa? Can high CA attributions compensate for poor CSR, or vice versa? Gupta (2002) also addressed similar concerns - If XYZ company possess lower scores for CA but demonstrates expertise on CSR, would it create a weaker corporate image than ABC company, which offers excellent CA features along with a sound CSR affiliation (Gupta, 2002)? The researcher expects either CA or CSR would positively affect the competitive advantage when either dimension has a higher value, too. In theory, whenever one dimension of corporate image is compromised or weak, it subsequently weakens the strength of a company. Through CA attributions, an apparel company can expose its tangible features, of which product features, quality and price are most important. Investing in CSR with a weak CA will most likely not allow the company to successfully differentiate itself from its competitors. Therefore, this study suggests an interaction between CA and CSR of an apparel company, in order to influence competitive advantage.

Based on the above discussion, the following hypotheses are posited:

H3a: The influence of CA on a company's managerial capability is higher when CSR is positive than negative.

H3b: The influence of CA on a company's market position is higher when CSR is positive than negative.

H3c: The influence of CA on a consumer's willingness to purchase is higher when CSR is positive than negative.

H3d: The influence of CA on a consumer's willingness to pay premium price is higher when CSR is positive than negative.

H4a: The influence of CSR on a company's managerial capability is higher when CA is positive than negative.

H4b: The influence of CSR on a company's market position is higher when CA is positive than negative.

H4c: The influence of CSR on a consumer's willingness to purchase is higher when CA is positive than negative.

H4d: The influence of CSR on a consumer's willingness to pay premium price is higher when CA is positive than negative.



## CHAPTER III

### RESEARCH METHODS

#### Overview

This chapter discussed the scope and orientation of the research method required for this study in detail. The first chapter (Introduction) presented the problem statement regarding how CA and CSR can influence the competitive advantage of an apparel company. The theoretical framework was based on Gupta's (2002) study that was well aligned with the research objectives of this study. The second chapter (Literature review) provided an overview of prior research on CA, CSR and competitive advantage. Additionally, CA and CSR as individual sources of competitive advantage for apparel companies were discussed and hypotheses were developed based on supporting theoretical framework. Finally, the researcher proposed a potential interaction between CA and CSR as predictors of apparel companies' competitive advantage. Based on the discussion from the introduction and literature review, this chapter described the research methods with supporting instruments and data collection protocols. The chapter consists of several sections: research design, scenario development, manipulation check, independent and dependent construct, instruments, pre-test, sampling, data collection, and data analysis. The objective of this chapter was to develop and execute an appropriate research method focusing on the research objectives, to test the hypotheses, and to provide

background for the results and discussion chapter. The research objectives for this study were as followed:

1. To explore the influence of CA as a dimension of corporate image on achieving apparel companies' competitive advantage,
2. To explore the influence of CSR as a dimension of corporate image on achieving apparel companies' competitive advantage,
3. To explore the combined influence of CA and CSR as the two dimensions of corporate image on the managerial capability, market position of an apparel company, and consumers' purchase intention,
4. To explore whether CA of an apparel company can compensate for a bad CSR and vice versa.

### Research Design

When the interaction between two or more independent constructs were explored based on their varying levels of valence, an experimental research design with manipulated scenarios provided valid outcomes and therefore supported this research design as an effective one (Brown & Dacin, 1997; Floh, Koller, & Zauner, 2013; Gupta, 2002; Lee & Qu, 2011; Zhang, Hui & Barrett, 2014). In these studies, the research stimuli were manipulated to support measurement of the independent constructs by utilizing scale items; bi-polar valences were also incorporated into the scenario texts in order to better understand the relative effects of CA and CSR on the dependent variable. . Since this study adopted Gupta's (2002) theoretical framework, a 2 (Positive CA, Negative CA) x 2 (Positive CSR, Negative CSR) between-subjects factorial design was used for this study. The CA is a categorical variable with two levels: negative CA equals to 1 and positive CA equals to 2. Similarly, CSR is a categorical variable with two levels (1 = negative

and 2 = positive). Based on the measurement items for CA and CSR (Table 5), four scenarios measuring the different valences of the proposed dimensions of CA and CSR were constructed. One of the four scenarios was presented in a written form to participants through random assignment in Qualtrics survey software. The experimental stimuli can be found in Table 3-1. The research design has been approved at a large Midwestern university by the Institution Review Board to ensure the protection of human subjects.

Table 3-1

*Summary of manipulated stimuli*

Company name	CA	CSR	Manipulation
Smartwear (CA=2, CSR=2)	Positive	Positive	Positive information on CA items, Positive information on CSR items
Spinard (CA=1, CSR=2)	Negative	Positive	Negative information on CA items, Positive information on CSR items
Normans (CA=2, CSR=1)	Positive	Negative	Positive information on CA items, Negative information on CSR items
Freestyle (CA=1, CSR=1)	Negative	Negative	Negative information on CA items, Negative information on CSR items

Scenario development

Previous studies developed the manipulated stimuli by incorporating different valences for the measurement items in the independent constructs (Brown & Dacin, 1997; Floh et al., 2013; Gupta, 2002; Lee & Qu, 2011; Zhang et al., 2014). It would be difficult to assume that all the participants would clearly understand the CA and CSR efforts of an apparel company. Therefore, corporate sustainability reports of top 10 US based apparel companies from 2016 were analyzed to get information on CA and CSR strategies. Findings from these analyses provided significant directions to design the stimuli. Based on the analysis, among many factors, sustainable apparel product features, organizational expertise in apparel manufacturing (through

the incorporation of sustainability), customer service effectiveness through expedited product delivery and improved communication, and consistent effort for technological innovation to bring in new products were identified as the crucial attributes that signifies the CA of an apparel company. Other CA associations, for example, company progressiveness, market growth, sourcing policies, supply chain effectiveness, stakeholder engagement etc. were also found important; however, were not considered according to context of this study. For CSR, most of the companies documented their concern on how they are reducing environmental impact through the integration of waste management and recycling systems in their factories. Moreover, an emphasized concern was identified regarding the garment workers' workplace regulations in the sustainability reports. These companies ensure conservation of labor rights in the workplace along with adequate safety measures to keep the workplace safe and healthy. Caring for the employees through performance improvement initiatives, career advancement opportunities, and embodying the employees toward organizational success appeared as an important attribute of CSR. Additionally, companies were found to frequently involve in community development and charity donation programs as an integral part of CSR. Considering the importance of these CA and CSR attributes on developing the corporate image and consequently their potential to contribute to the competitive advantage, the scenarios for four different hypothetical U.S. based apparel firms (Smartwear, Spinard, Normans, and Freestyle) were developed using different valences for the CA and CSR attributes. The four manipulations were measured through the conditions (positive CA and positive CSR; positive CA and negative CSR; negative CA and positive CSR; negative CA and negative CSR) which were combined in each scenario. The objective of using a 2 (CA) x 2 (CSR) between-subjects design was to measure valence within and among the independent constructs of the scenarios. Each stimulus started with a brief introduction of the apparel company, followed by the CA approaches of that company. The CA description included features of apparel products, the expertise of a company in apparel product manufacturing, customer service effectiveness, and technological innovation in the apparel

market of that company. Following the CA information presented, CSR stimuli presented the performance of the company related to industry compliance factors such as working environment, corporate giving, concern for the environment, and concern for employee well-being. To ensure consistency across all four stimuli, identical statements were structured, excluding the intended valence effects. Each company was given a fictitious name so as not to bias the sample based on prior participant experiences with actual apparel firms. Table 3-1 summarizes the different valences incorporated in the four hypothetical apparel company descriptions.

### Independent constructs

Since this research study adopted the theoretical framework from Gupta's (2003) study, CA and CSR were the two independent constructs for this study. Product and services quality, employee expertise, manufacturing ability, and technological innovation appeared as effective and validated items for measuring CA, and as sources of consumer satisfaction and purchase intention, in different research contexts (Brown & Dacin, 1997; Berens, van Riel & van Bruggen, 2005; Berens, van Riel & van Rekom, 2007; Gupta, 2002; Mayard, 2007; Lee & Qu, 2011; Lin et al., 2011; Walsh & Bartikowski, 2013). In the apparel industry, product features and quality along with customer perceptions of service effectiveness can majorly influence the CA of a company, and therefore influence consumers' purchasing decisions. Manufacturing expertise and technological innovations add further importance to CA. Hence, this study used product feature (PF), manufacturing expertise (ME), customer service (CS), and technological innovation (TE) as the measurement items for CA. Moreover, while interacting with CA in the above-mentioned studies, environmental concern (EC), employee treatment (ET), corporate giving (CG), and working environment (WE) were found to be effective measurement items for CSR that could be utilized in this research context. Therefore, this study used these items to measure CSR construct. Table 3-2 summarizes the measurement items of CA and CSR utilized in previous studies. A five-point Likert scale (5 = Strongly Agree to 3 = Neutral to 1 = Strongly Disagree) was employed to

measure the items of CA and CSR. This scale measured the company-specific CA and CSR dimensions to produce evidence for manipulation check. These scales were validated in similar research design in earlier studies (Brown & Dacin, 1997; Gupta, 2003; Lee & Qu, 2011).

Table 3-2

*Summary of CA and CSR measurement items from previous studies*

Source	Measuring items of corporate ability (CA)	Measuring items of corporate social responsibility (CSR)
Brown & Dacin, 1997	manufacturing ability, technological innovativeness, leadership in industry, research and development capability, progressiveness of company , and employee expertise	corporate giving, community involvement, concern for the environment,
Gupta, 2002	leadership in industry, technological innovation, manufacturing ability, and research and development capabilities	corporate giving for worthy causes, community involvement, concern for the environment
Berens, van Riel & van Bruggen, 2005	products and services, workplace environment	support for good cause, environmentally responsible business
Berens, van Riel & van Rekom, 2007	products and services quality, organizational skill, financial services expertise	ethically responsible behavior, commitment for society
Mayard, 2007	leadership in industry, technological innovation, manufacturing ability, and research and development capabilities	corporate giving for worthy causes, community involvement, concern for the environment
Lin, Chen, Chiu & Lee, 2011	products and services innovations, product quality, price quality ratio, employee expertise and management	support for good cause, environmentally responsible behavior, concern for the environment, corporate giving, socially responsible behavior, fulfillment of social responsibility
Lee & Qu, 2011	quality of services, room features, employees professionalism, and hotel features	community involvement, fulfillment of social responsibility, environmental responsibility, socially responsible actions
Walsh & Bartikowski , 2013	products and services quality, company strength and reliability, services innovation	effort to create new jobs, environmental responsibility, working environment, taking care of people,

## Dependent construct

According to the theoretical framework adopted from Gupta's (2002) study, the dependent construct for this study was competitive advantage. Previous studies utilized a wide spectrum of measurement items for competitive advantage with regard to different research contexts of studies. Barney (1991) pointed out strategic planning, information processing systems, and positive reputation of a firm as the key sources of competitive advantage. However, recent studies emphasize market position, managerial capability, leadership strategies, and corporate image regarding product offerings and service quality, product cost, and consumer value as important sources of competitive advantage. From the context of apparel industry, a company's competitive position and financial performance can be influenced by not only its organizational expertise but also the consumers' purchase intentions. Therefore, this study utilized two measurement items from Chang's (2011) study (managerial capability (MC), position in the market (PM) and two items from Gupta's (2002) study (willingness to purchase (WP), willingness to pay premium price (WPM). A five-point likert scale (5 = Strongly Agree to 3 = Neutral to 1 = Strongly Disagree) was employed to measure the items of competitive advantage. A similar scale was also used in those studies and validated. Table 3-3 summarizes the measurement items for competitive advantage utilized in previous studies. The independent constructs, dependent constructs associated measurement items, questions, and measurement scales are summarized in Table 3-4.

## Instruments

For this study, a self-administrated questionnaire was used (Appendix D). Prior to participating in the experiment, participants were asked to complete informed consent documentation (Appendix A). After confirming their willingness to participate in the experiment,

Table 3-3

*Summary of competitive advantage measurement items from previous studies*

Source	Measuring items of competitive advantage
Barney, 1991	Strategic planning, information processing system, positive reputation
Flynn, Sakakibara & Schroeder, 1995	Unit cost of manufacturing, fast delivery, flexibility to change volume, inventory turnover, and cycle time
Yamin, Gunasekaran & Mavondo, 1999	Customer Service, quality of product and services, price difference, unique technology, product image, innovation in marketing techniques, inventory management, continuous improvement etc.
Gupta, 2002	Willingness to purchase, willingness to pay premium prices, customer satisfaction, and customer loyalty
Chen, Lai & Wen, 2006	Cost of products/services, company growth, being the first mover in some important fields in measuring competitive advantage
Li, Ragu-Nathan, Ragu-Nathan & Subba Rao, 2006	Price/cost, quality, delivery dependability, product innovation, time to market
Bataineh & Al Zoabi, 2011	Leadership strategy, market position, resources and capabilities of the business, customer value generation, relevant competitor identification, differentiation strategy, service flexibility, and speed of offering services
Chang, 2011	Corporate image, managerial capability, profitability, products/services quality, difficulties faced by competitors in replacing the company's competitive advantage
Saeidi, Sofian, Saeidi, Saeidi & Saeidi, 2015	Quality of products or services, corporate image, market position, differentiation and diversity, growth of the company, and market leadership

participants were presented with a hypothetical apparel company description with the CA and CSR attributes. Following the instructions to read the scenario, participants were required to provide opinions about the four CA items of a randomly assigned company after reading the company description. Participant opinions about the firm presented to them were measured using a five-point Likert scale (5 = Strongly Agree to 3 = Neutral to 1 = Strongly Disagree). For example, participants were asked to answer the question: “I think the company provides



Table 3-4

*Summary of the constructs, associated measuring items, questions, and measurement scales*

Type of construct	Construct	Measuring items	Survey question	Measuring scale
Independent construct	CA	Product features (PF)	I think the company provides excellent product features	5 = Strongly Agree to 1 = Strongly Disagree
		Manufacturing expertise (ME)	I think the company has expertise in clothing manufacturing	
		Customer service (CS)	I think the company provides excellent customer service in terms of online shopping	
		Technological innovation (TE)	I think the company is concerned about innovation	
Independent construct	CSR	Environmental concern (EC)	I think the company is concerned about the environmental issues and thereby act responsibly	5 = Strongly Agree to 1 = Strongly Disagree
		Working environment (WE)	I think the company ensures better working environment for its workers'	
		Employee treatment (ET)	I think the company treats it employees well	
		Corporate giving (CG)	I think the company gives back to its surrounding community	
Dependent construct	Competitive advantage	Managerial capability (MC)	I think the company is capable of doing business in a responsible way	5 = Strongly Agree to 1 = Strongly Disagree
		Position in the market (PM)	I think the company maintains a strong position in the apparel market	
		Willingness to purchase (WP)	I might purchase an apparel product from this company	
		Willingness to pay premium price (WPM)	I might purchase an apparel product with a premium price from this company	

excellent product features” and rank their agreement with the statement using the scale (5 = Strongly Agree to 3 = Neutral to 1 = Strongly Disagree). Section three of the survey required the participants to evaluate four items of CSR. Section four again presented the scenario information and the participants were asked to evaluate the company's managerial capability, market position, participants' willingness to purchase and willingness to pay a premium price. The items in this section measured the competitive advantage of that apparel company based on their CA and CSR attributions from previous sections. Section five asked the participants to provide an overall evaluation of the company based on their CA and CSR attributions. This section provided a manipulation check of the scenarios bi-polar valences for CA and CSR. Finally, section six required the participants to provide their demographic information (gender, age, income level and educational level). The survey ended by thanking the participants for conducting the survey.

#### Pre-test

Since this was an experimental study, a pre-test was necessary to analyze the validity of the manipulated stimuli. Moreover, assessing the validity and reliability of the instruments used for the survey questionnaire was also essential prior to data collection. Approval from the Institutional Review Board (Appendix C) was obtained to conduct a pre-test. The pre-test survey was distributed to students of four undergraduate classes of a large Midwestern university. A total of 82 complete responses were received among 87 respondents. The pre-test demonstrated construct validity for CA and CSR valence manipulations. The manipulation check showed that Smartwear company received higher scores in both CA and CSR evaluation (4.77 and 4.82 respectively) whereas Freestyle company received lower scores (1.38 and 1.43 respectively). The results supported hypothetical apparel company scenarios by producing the intended valence effects within each scenario. All the independent and dependent constructs demonstrated the Cronbach's alpha scale reliability values above the recommended minimum of 0.7. Based on the findings from the pre-test, the sampling plan was modified to recruit convenience samples from a

population of students, faculties, and staffs of the same large Midwestern University to receive more significant observations from a wide range of age, academic, and financial income background. Moreover, the information for manufacturing expertise (CA attribute) and environmental concern (CSR attribute) along with the associated survey questions were also modified to provide better understanding to the participants regarding these attributes and achieve better results in the main survey. Table 3-5 summarizes the manipulation check results of the independent constructs from the pre-test.

Table 3-5

*Manipulation check results from the pre-test*

Company	CA	CSR
Smartwear	4.77	4.82
Spinard	1.65	4.65
Normans	4.42	1.37
Freestyle	1.38	1.43

### Sampling

The study aims to explore how CA and CSR of an apparel company influence the competitive advantage. A comprehensive understanding of CA and CSR from a diverse group of consumers will provide relevant strategies need to be adopted by apparel companies to achieve competitive advantage. The findings from the pre-test also supported the necessity of both a large number of subjects and a more diversified consumer group, to receive a more insightful and more appropriate dataset. A minimum of 200 sample subjects were required to participate in the study to have a reliable outcome from the data analysis. Therefore, the subject population comprised all the students, faculties, staff, and employees of a large Midwestern university. From this population, the study utilized the convenience sampling method to recruit 5000 sample subjects.

According to Etikan, Musa, and Alkassim (2016), convenience sampling can be defined as a nonprobability or nonrandom sampling method where samples of a particular population follows similar criteria (e.g. ease of access, cost effectiveness, availability etc.). The major advantages of using convenience sampling are easy recruitment of samples, willingness to participate in the research study, and the process of being affordable (Etikan, Musa, & Alkassim; 2016). On the contrary, possibility of bias in the research outcomes and lack of generalizability can be identified as the two major disadvantages of convenience sampling method (Jager, Putnick, & Bornstein, 2017). However, since the members of the target population varied within a broad range of age groups and belonged to four different groups of occupations, the study expected a balanced and diversified data set that could result in potentially reliable outcomes.

#### Data Collection

The recruitment invitation (Appendix B) for participating in the online survey was distributed to the 5000 sample subjects via Qualtrics server. E-mail addresses of the sample subjects were retrieved from the system e-mail addresses of the large Midwestern university. Studies indicate that online survey allows reaching to maximum audience for data collection (Cook, Heath & Thompson, 2000). Also, online survey allows sophisticated design with low cost, data safety assurance and faster transmission (Fan & Yan, 2010). The recruitment invitation included the title of the research, identity of the primary researcher, a brief purpose of the study, possible outcomes from the study, and survey guidelines. At the end of the e-mail, a customized link of Qualtrics was provided to directly access the online survey and the original link to use it in any internet browser. An intended participant could use any of the provided links to access the online survey. The recruitment script, informed consent, and modified research design were approved by Institutional Review Board (IRB).

## Data Analysis

### Demographic information of participants

A total of 366 responses were received throughout the data collection process. Of the recorded responses, 62 responses were removed for having incomplete or missing information on the questionnaire. Therefore, 304 usable responses were identified for further descriptive statistics analysis of the demographic information of the participants. A balanced response from both of the gender categories were received (50.66% male, 49.34% female). The respondents from the first four age categories accounted for the majority of responses (18-24 years: 33.88%, 25-34 years: 25.00%, 35-44 years: 22.70%, and 45-54 years: 13.49%). Since a convenience sampling from a population comprising students, faculties, and employees was utilized, the frequency distribution among these age groups indicated a significant amount of participants across these professions. 32.57% of the respondents possessed a bachelor's degree, followed by the high school graduates (25.99%), who were most likely pursuing undergraduate study. The frequency of respondents with a master's degree (15.13%) and doctoral degree (13.49%) indicated the participation of the graduate students and faculties. Table 3-6 provided with the summary of the demographic information of the participants.

Table 3-6

*Summary of demographic information of the samples (N=304)*

Variable	Category	Frequency (n)	Percentage (%)
Gender	Male	154	50.66%
	Female	150	49.34%
Age	18-24 years	103	33.88%
	25-34 years	76	25.00%
	35-44 years	69	22.70%
	45-54 years	41	13.49%
	55-64 years	13	4.28%
	65 years and above	2	0.66%

Table (continued)

*Summary of demographic information of the samples (N=304)*

Variable	Category	Frequency (n)	Percentage (%)
Education	Less than high school degree	1	0.33%
	High school graduate (high school diploma or equivalent including GED)	79	25.99%
	Some college but no degree	16	5.26%
	Associate degree in college (2-year)	21	6.91%
	Bachelor's degree in college (4-year)	99	32.57%
	Master's degree	46	15.13%
	Doctoral degree	41	13.49%
	Professional degree (JD, MD)	1	0.33%
Household income	Less than \$10,000	63	20.72%
	\$10,000 to \$19,999	41	13.49%
	\$20,000 to \$29,999	33	10.86%
	\$30,000 to \$39,999	26	8.55%
	\$40,000 to \$49,999	18	5.92%
	\$50,000 to \$59,999	13	4.28%
	\$60,000 to \$69,999	34	11.18%
	\$70,000 to \$79,999	23	7.57%
	\$80,000 to \$89,999	17	5.59%
	\$90,000 to \$99,999	11	3.62%
	\$100,000 to \$149,999	16	5.26%
	\$150,000 or more	9	2.96%

**Summated scales and manipulation check for CA and CSR**

Based on the responses recorded, Table 3-7 and 3-8 provided the summated scales of both CA and CSR measurement items across four company scenarios. Two different valences were utilized for both CA (negative, CA=1 and positive, CA=2) and CSR (negative, CSR=1 and positive, CSR=2) items. Among the four company scenarios, Smartwear (CA=2, CSR=2) recorded highest mean values in both CA ( $M = 4.13$ ,  $SD = 0.93$ ) and CSR ( $M = 4.27$ ,  $SD = 0.86$ ) measurement items, where Freestyle (CA=1, CSR=1) recorded lowest mean values for CA ( $M = 1.7$ ,  $SD = 1.11$ ) and CSR ( $M = 1.42$ ,  $SD = 0.98$ ). The Cronbach Alpha reliability tests for all the

measurement items for CA and CSR across the four company scenarios resulted in acceptance levels of internal reliability ( $\alpha > 0.7$ ).

Table 3-7

*Summated scales of CA across four companies*

Company name	CA valence	Measurement items	M	SD	Alpha
Smartwear	2(positive)	4	4.13	0.93	.79
Spinard	1(negative)	4	2.59	1.23	.81
Normans	2(positive)	4	3.69	1.14	.75
Freestyle	1(negative)	4	1.7	1.11	.78

Table 3-8

*Summated scales of CSR across four companies*

Company name	CSR valence	Measurement items	M	SD	Alpha
Smartwear	2(positive)	4	4.27	0.86	.83
Spinard	2(positive)	4	3.74	1.18	.81
Normans	1(negative)	4	1.62	1.08	.79
Freestyle	1(negative)	4	1.42	0.98	.82

Table 3-9 showed the pair-wise correlation among all the measurement items for CA. All the measurement items for CA appeared to be positively correlated at a significance level of  $p = .01$ . Table 3-10 showed the pair-wise correlation among all the measurement items for CSR. All the measurement items for CSR appeared to be positively correlated at a significance level of  $p = .01$ .

Table 3-9

*Pair wise correlations among the measurement items of CA*

<i>Items</i>	(1)	(2)	(3)	(4)
(1) PF	1.00			
(2) ME	0.79	1.00		
(3) CS	0.76	0.74	1.00	
(4) TE	0.60	0.62	0.57	1.00

Table 3-10

*Pair wise correlations among the measurement items of CSR*

<i>Items</i>	(5)	(6)	(7)	(8)
(5) EC	1.00			
(6) WE	0.89	1.00		
(7) ET	0.82	0.93	1.00	
(8) CG	0.85	0.89	0.86	1.00

To further test the valence effects of CA and CSR from the responses across the manipulated stimuli, a manipulation check was conducted. Based on the randomly assigned written scenario presented during the experiment, participants were asked to evaluate a particular company based on their CA and CSR attributes. A five-point Likert scale (5 = Very favorable to 3 = Neutral to 1 = Very Unfavorable) was employed to measure CA and CSR. Table 3-11 summarized the mean values of the manipulation check. The results showed that respondents perceived a company as more favorable when the company received higher values in CA and CSR than one with lower values. For example, Smartwear company received highest values in the manipulation check for both CA ( $M = 4.14$ ) and CSR ( $M = 4.29$ ). On the contrary, Freestyle received lowest scores for CA ( $M = 1.84$ ) and CSR ( $M = 1.72$ ). Similar results appeared for the



other companies with different valences in the CA and CSR. Spinard (CA=1, CSR=2) was found to be more favorable for CSR ( $M = 3.97$ ) than Normans ( $M = 1.74$ ), since Normans has a negative valence for CSR and positive valence for CA (CA=2, CSR=1). On the other hand, Normans received more favorable response in CA ( $M = 3.92$ ) than Spinard ( $M = 2.52$ ). Therefore, the manipulation check provided adequate evidence for the different valences incorporated in the stimuli.

Table 3-11

*Manipulation check for corporate ability (CA) and corporate social responsibility (CSR)*

Scenarios	n	CA		CSR	
		M	SD	M	SD
Smartwear (CA=2 & CSR=2)	75	4.14	.61	4.29	.62
Normans (CA=2 & CSR=1)	77	3.92	.88	1.74	1.00
Spinard (CA=1 & CSR=2)	76	2.52	1.04	3.97	.93
Freestyle	76	1.84	1.02	1.72	1.01

### Hypotheses testing

A series of one-way analysis of variance (ANOVA) tests using IBM SPSS Statistics 23 were conducted to test the hypotheses from H1a to H1d and H2a to H2d. Since these hypotheses predicted the influence of the independent constructs (CA and CSR) on the attributes of the dependent construct (competitive advantage), ANOVA analysis were relevant to compare the means of competitive advantage for different levels of CA and CSR. Table 3-12 summarizes the summary of ANOVA of managerial capability, position in the market, willingness to purchase, and willingness to pay premium price for CA. Table 3-13 summarizes the summary of ANOVA of managerial capability, position in the market, willingness to purchase, and willingness to pay premium price for CSR.

Table 3-12

*Summary of ANOVA for CA*

	<i>df</i>	<i>MS</i>	<i>SS</i>	<i>F</i>	<i>P</i>
Managerial capability					
Between Groups	1	63.56	63.56	34.40	.000
Within Groups	302	1.85	557.99		
Total	303		621.55		
Position in the market					
Between Groups	1	157.77	157.77	149.44	.000
Within Groups	302	1.06	318.84		
Total	303		476.60		
Willingness to purchase					
Between Groups	1	41.75	41.75	26.92	.000
Within Groups	302	1.55	463.74		
Total	303		505.49		
Willingness to pay premium price					
Between Groups	1	47.37	47.37	28.08	.000
Within Groups	302	1.69	509.42		
Total	303		556.79		

Table 3-13

*Summary of ANOVA for CSR*

	<i>df</i>	<i>MS</i>	<i>SS</i>	<i>F</i>	<i>p</i>
Managerial capability					
Between Groups	1	301.74	301.74	284.94	.000
Within Groups	302	1.06	319.81		
Total	303		621.55		
Position in the market					
Between Groups	1	7.21	7.21	4.64	.000
Within Groups	302	1.55	469.39		
Total	303		476.60		
Willingness to purchase					
Between Groups	1	68.42	68.42	46.81	.000
Within Groups	302	1.46	437.07		
Total	303		505.49		
Willingness to pay premium price					
Between Groups	1	23.52	23.52	13.32	.000
Within Groups	302	1.77	533.27		
Total	303		556.79		

While measuring the influence of CA on managerial capability, results showed that participants recorded an average value of 2.47 for negative CA ( $SD = 1.29$ ), where an average value of 3.39 was recorded for positive CA ( $SD = 1.43$ ). These values indicated that a company scores higher in its managerial capability when CA is positive than negative. Therefore, CA had a significant influence on a company's managerial capability,  $F(1,302) = 34.40, p < 0.001$ . Hence, H1a was supported.

While measuring the influence of CSR on managerial capability, results showed that participants recorded an average value of 1.94 for negative CSR ( $SD = 0.95$ ), where an average value of 3.93 was recorded for positive CSR ( $SD = 1.10$ ). These values indicated that a company scores higher in its managerial capability when CSR is positive than negative. Therefore, CSR had a significant influence on a company's managerial capability,  $F(1,302) = 284.94, p < 0.001$ . Hence, H2a was supported.

The results of position in the market influenced by CA showed that, participants recorded an average value of 2.19 for negative CA ( $SD = 1.14$ ), where an average value of 3.63 was recorded for positive CA ( $SD = 0.90$ ). These values indicated that a company scores higher in its position in the market when CA is positive than negative. Therefore, CA had a significant influence on a company's position in the market,  $F(1,302) = 149.44, p < 0.001$ . Hence, H1b was supported

The results of position in the market influenced by CSR showed that, participants recorded an average value of 2.76 for negative CSR ( $SD = 1.30$ ), where an average value of 3.07 was recorded for positive CSR ( $SD = 1.19$ ). These values indicated that a company scores higher in its position in the market when CSR is positive than negative. Therefore, CSR had a significant influence on a company's position in the market,  $F(1,302) = 4.64, p < 0.05$ . Hence, H2b was supported.

While measuring the influence of CA on willingness to purchase, results showed that participants recorded an average value of 2.33 for negative CA ( $SD = 1.26$ ), where an average value of 3.07 was recorded for positive CA ( $SD = 1.23$ ). These values indicated that a consumer has more willingness to purchase from a company when CA is positive than negative. Therefore, CA had a significant influence on a consumer's willingness to purchase,  $F(1,302) = 26.92, p < 0.001$ . Hence, H1c was supported.

While measuring the influence of CSR on willingness to purchase, results showed that participants recorded an average value of 2.23 for negative CSR ( $SD = 1.17$ ), where an average value of 3.18 was recorded for positive CSR ( $SD = 1.25$ ). These values indicated that a consumer has more willingness to purchase when CSR is positive than negative. Therefore, CSR had a significant influence on a consumer's willingness to purchase,  $F(1,302) = 46.81, p < 0.001$ . Hence, H2c was supported.

The results of willingness to pay premium prices influenced by CA showed that, participants recorded an average value of 1.88 for negative CA ( $SD = 1.29$ ), where an average value of 2.67 was recorded for positive CA ( $SD = 1.31$ ). These values indicated that a consumer has more willingness to pay premium price when CA is positive than negative. Therefore, CA had a significant influence on a consumer's willingness to pay premium price,  $F(1,302) = 28.08, p < 0.001$ . Hence, H1d was supported. Table 3-14 provided the descriptive statistics of managerial capability, position in the market, willingness to purchase, and willingness to pay premium price for CA.

Table 3-14

*Descriptive statistics of competitive advantage measurement items for CA*

					95% CI for Mean	
valence	n	M	SD	SE	Lower Bound	Upper Bound
managerial capability						
negative	152	2.47	1.29	0.10	2.27	2.68
positive	152	3.39	1.43	0.12	3.16	3.62
Total	304	2.93	1.43	0.08	2.77	3.09
position in the market						
negative	152	2.19	1.14	0.09	2.01	2.37
positive	152	3.63	0.90	0.07	3.49	3.78
Total	304	2.91	1.25	0.07	2.77	3.05
willingness to purchase						
negative	152	2.33	1.26	0.10	2.13	2.53
positive	152	3.07	1.23	0.10	2.88	3.27
Total	304	2.70	1.30	0.07	2.55	2.84
willingness to pay premium price						
negative	152	1.88	1.29	0.10	1.68	2.09
positive	152	2.67	1.31	0.11	2.46	2.88
Total	304	2.28	1.36	0.08	2.12	2.43

The results of willingness to pay premium price influenced by CSR showed that, participants recorded an average value of 2.00 for negative CSR ( $SD = 1.32$ ), where an average value of 2.56 was recorded for positive CSR ( $SD = 1.33$ ). These values indicated that a consumer has more willingness to pay premium price when CSR is positive than negative. Therefore, CSR had a significant influence on a consumer's willingness to pay premium price,  $F(1,302) = 13.32$ ,  $p < 0.001$ . Hence, H2d was supported. Table 3-15 provided the descriptive statistics of managerial capability, position in the market, willingness to purchase, and willingness to pay premium price for CSR.

Table 3-15

*Descriptive statistics of competitive advantage measurement items for CSR*

					95% CI for Mean	
valence	n	M	SD	SE	Lower Bound	Upper Bound
managerial capability						
negative	152	1.94	0.95	0.08	1.79	2.09
positive	152	3.93	1.10	0.09	3.76	4.11
Total	304	2.93	1.43	0.08	2.77	3.09
position in the market						
negative	152	2.76	1.30	0.10	2.55	2.97
positive	152	3.07	1.19	0.10	2.87	3.26
Total	304	2.91	1.25	0.07	2.77	3.05
willingness to purchase						
negative	152	2.23	1.17	0.09	2.04	2.42
positive	152	3.18	1.25	0.10	2.98	3.38
Total	304	2.70	1.30	0.07	2.55	2.84
willingness to pay premium price						
negative	152	2.00	1.32	0.11	1.79	2.21
positive	152	2.56	1.33	0.11	2.34	2.77
Total	304	2.28	1.36	0.08	2.12	2.43

A series of two-way univariate analysis of variance tests using SPSS were performed to analyze the interaction effect of CA and CSR in varying levels on the competitive advantage measurement items. The hypotheses from 3a to 3d and from 4a to 4d were tested based on the findings from the two-way univariate ANOVA tests. The two levels of valences for CA were negative (CA=1) and positive (CA=2). The two levels of valences for CSR were negative (CSR=1) and positive (CSR=2). All the tests were performed at a .05 significance level.

Table 3-16 provided the estimated marginal means for managerial capability resulted from the interaction of CA and CSR. The estimated marginal means show how the interaction

between the different levels of CA and CSR (negative = 1 and positive = 2) influence the mean values of managerial capability. Figure 3-1 shows the graphical representation of the estimated marginal means of managerial capability, which displays how the interaction of CA and CSR in varying levels results in different mean values of managerial capability across the four companies. Table 3-17 shows the results from the univariate ANOVA tests of between-subjects effects for managerial capability. Inspection of the means reported that, for positive CA, managerial capability reported higher mean where CSR was positive (Smartwear:  $M = 4.51$ ,  $SD = 0.67$ ) than negative CSR (Normans:  $M = 2.30$ ,  $SD = 1.09$ ). Similarly, for negative CA, managerial capability reported higher mean where CSR was positive (Spinard:  $M = 3.37$ ,  $SD = 1.15$ ) than negative CSR (Freestyle:  $M = 1.58$ ,  $SD = 0.62$ ). These findings supported the hypotheses 3a, that the influence of CA on a company's managerial capability is higher when CSR is positive than negative.

For positive CSR, managerial capability reported higher mean where CA was positive (Smartwear:  $M = 4.51$ ,  $SD = 0.67$ ) than negative CA (Spinard:  $M = 3.37$ ,  $SD = 1.15$ ). Similarly, for negative CSR, managerial capability reported higher mean where CA was positive (Normans:  $M = 2.30$ ,  $SD = 1.09$ ) than negative CA (Freestyle:  $M = 1.58$ ,  $SD = 0.62$ ). These findings supported the hypotheses 4a, that the influence of CSR on a company's managerial capability is higher when CA is positive than negative. Therefore, there was a significant CA by CSR interaction effect on managerial capability,  $F(1,300) = 3.98$ ,  $p = .047$ .

Table 3-18 provided the estimated marginal means for position in the market resulted from the interaction of CA and CSR. Table 3-19 shows the results from the univariate ANOVA tests of between-subjects effects for position in the market. Figure 3-2 shows the graphical representation of the interaction effect of CA and CSR on the marginal means of position in the market. Inspection of the means reported that, for positive CA, position in the market reported

Table 3-16

*Estimated marginal means for managerial capability (CA\*CSR)*

Scenarios	n	M	SD	SE	95% CI for Mean	
					Lower Bound	Upper Bound
Smartwear (CA=2 & CSR=2)	75	4.51	0.67	0.11	4.30	4.72
Normans (CA=2 & CSR=1)	77	2.30	1.09	0.10	2.09	2.50
Spinard (CA=1 & CSR=2)	76	3.37	1.15	0.11	3.16	3.58
Freestyle (CA=1 & CSR=1)	76	1.58	0.62	0.11	1.37	1.79
Total	304	2.94	1.28			

Table 3-17

*Univariate Analysis of Variance: tests of between-subjects effects for managerial capability*

Source	df	SS	MS	F	p	$\eta^2$
Intercept	1	2624.18	2624.18	3135.39	.000	.91
CA	1	65.59	65.59	78.36	.000	.21
CSR	1	303.59	303.59	362.72	.000	.55
CA * CSR	1	3.33	3.33	3.98	.047	.01
Error	300	251.09	0.84			

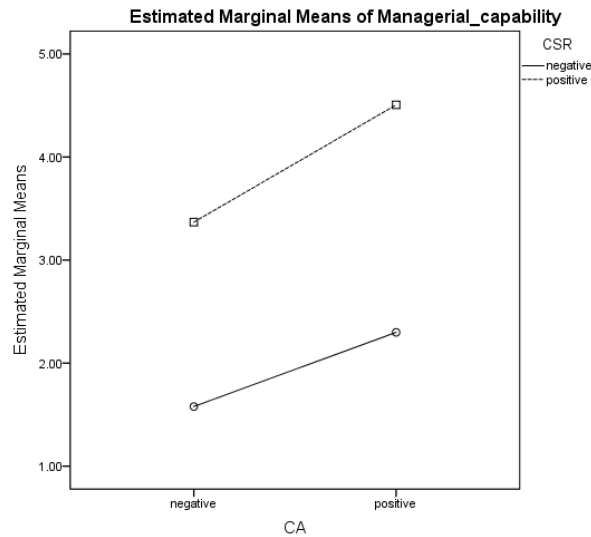


Figure 3-1. Estimated marginal means of managerial capability resulted from varying levels of CA and CSR.



slightly higher mean where CSR was positive (Smartwear:  $M = 3.58$ ,  $SD = 1.01$ ) than negative CSR (Normans:  $M = 3.48$ ,  $SD = 0.91$ ). Similarly, for negative CA, position in the market reported higher mean where CSR was positive (Spinard:  $M = 2.47$ ,  $SD = 1.15$ ) than negative CSR (Freestyle:  $M = 1.91$ ,  $SD = 1.06$ ). These findings supported the hypotheses 3b, that the influence of CA on a company's position in the market is higher when CSR is positive than negative.

For positive CSR, position in the market reported a higher mean where CA was positive (Smartwear:  $M = 3.58$ ,  $SD = 1.01$ ) than negative CA (Spinard:  $M = 2.47$ ,  $SD = 1.15$ ). Similarly, for negative CSR, position in the market reported a higher mean where CA was positive (Normans:  $M = 3.48$ ,  $SD = 0.91$ ) than negative CA (Freestyle:  $M = 1.91$ ,  $SD = 1.06$ ). These findings supported the hypothesis 4b, that the influence of CSR on a company's position in the market is higher when CA is positive than negative. Therefore, there was a significant CA by CSR interaction effect on position in the market,  $F(1,300) = 3.89$ ,  $p = .049$

Table 3-18

*Estimated marginal means for position in the market (CA\*CSR)*

Scenarios	n	M	SD	SE	95% CI for Mean	
					Lower Bound	Upper Bound
Smartwear (CA=2 & CSR=2)	75	3.58	1.01	0.12	3.34	3.81
Normans (CA=2 & CSR=1)	77	3.48	0.91	0.12	3.24	3.71
Spinard (CA=1 & CSR=2)	76	2.47	1.15	0.12	2.24	2.71
Freestyle (CA=1 & CSR=1)	76	1.91	1.06	0.12	1.67	2.14
Total	304	2.86	1.25			

Table 3-19

*Univariate Analysis of Variance: tests of between-subjects effects for position in the market*

Source	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>p</i>	$\eta^2$
Intercept	1	2468.14	2468.14	2295.88	.000	.89
CA	1	134.94	134.94	125.52	.000	.30
CSR	1	8.23	8.23	7.66	.006	.03
CA * CSR	1	4.18	4.18	3.89	.049	.01
Error	300	320.36	1.08			

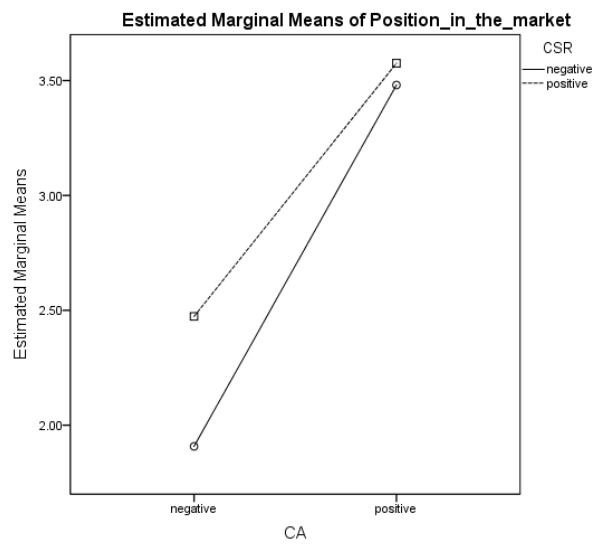


Figure 3-2. Estimated marginal means of position in the market resulted from varying levels of CA and CSR.

Table 3-20 provided the estimated marginal means for willingness to purchase resulted from the interaction of CA and CSR. Table 3-21 shows the results from the univariate ANOVA tests of between-subjects effects for willingness to purchase. Figure 3-3 shows the graphical representation of the interaction effect of CA and CSR on the marginal means of willingness to purchase. Inspection of the means reported that, for positive CA, willingness to purchase reported higher mean where CSR was positive (Smartwear:  $M = 3.76$ ,  $SD = 0.93$ ) than negative CSR (Normans:  $M = 2.43$ ,  $SD = 1.12$ ). Similarly, for negative CA, willingness to purchase reported

higher mean where CSR was positive (Spinard:  $M = 2.63$ ,  $SD = 1.26$ ) than negative CSR (Freestyle:  $M = 2.03$ ,  $SD = 1.20$ ). These findings supported the hypotheses 3c, that the influence of CA on a consumer's willingness to purchase is higher when CSR is positive than negative.

Table 3-20

*Estimated marginal means for willingness to purchase (CA\*CSR)*

Scenarios	n	M	SD	SE	95% CI for Mean	
					Lower Bound	Upper Bound
Smartwear (CA=2 & CSR=2)	75	3.76	0.93	0.13	3.50	4.03
Normans (CA=2 & CSR=1)	77	2.43	1.12	0.13	2.17	2.68
Spinard (CA=1 & CSR=2)	76	2.63	1.26	0.13	2.38	2.89
Freestyle (CA=1 & CSR=1)	76	2.03	1.20	0.13	1.77	2.28
Total	304	2.71	0.75			

Table 3-21

*Univariate Analysis of Variance: tests of between-subjects effects for willingness to purchase*

Source	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>p</i>	$\eta^2$
Intercept	1	2213.32	2213.32	1714.21	.000	.85
CA	1	44.27	44.27	34.29	.000	.10
CSR	1	70.80	70.80	54.83	.000	.16
CA * CSR	1	10.02	10.02	7.76	.006	.03
Error	300	383.48	1.29			

For positive CSR, willingness to purchase reported higher mean where CA was positive (Smartwear:  $M = 3.76$ ,  $SD = 0.93$ ) than negative CA (Spinard:  $M = 2.63$ ,  $SD = 1.26$ ). Similarly, for negative CSR, willingness to purchase reported higher mean where CA was positive (Normans:  $M = 2.43$ ,  $SD = 1.12$ ) than negative CA (Freestyle:  $M = 2.03$ ,  $SD = 1.20$ ). These

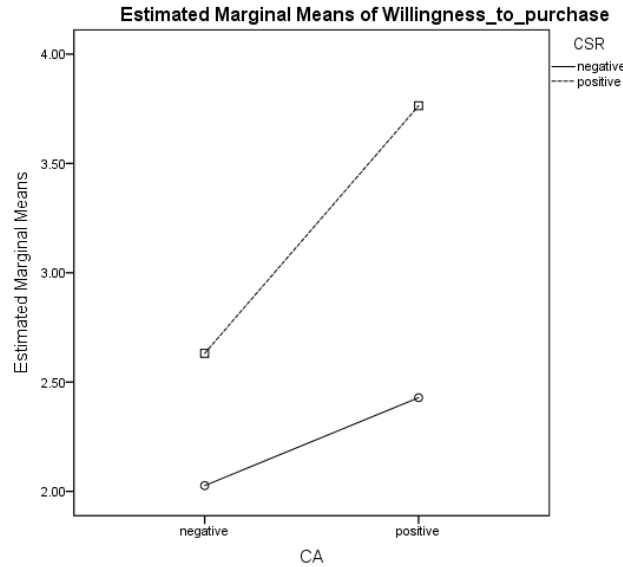


Figure 3-3. Estimated marginal means of willingness to purchase resulted from varying levels of CA and CSR.

findings supported the hypotheses 4c, that the influence of CSR on a consumer's willingness to purchase is higher when CA is positive than negative. Therefore, there was a significant CA by CSR interaction effect on willingness to purchase,  $F(1,300) = 7.76, p = .006$ .

Table 3-22 provided the estimated marginal means for willingness to pay premium price resulted from the interaction of CA and CSR. Table 3-23 shows the results from the univariate ANOVA tests of between-subjects effects for willingness to pay premium price. Figure 3-4 shows the graphical representation of the interaction effect of CA and CSR on the marginal means of willingness to pay premium price. Inspection of the means reported that, for positive CA, willingness to pay premium price reported higher mean where CSR was positive (Smartwear:  $M = 3.12, SD = 1.14$ ) than negative CSR (Normans:  $M = 2.23, SD = 1.33$ ). Similarly, for negative CA, willingness to pay premium price reported higher mean where CSR was positive (Spinard:  $M = 2.00, SD = 1.29$ ) than negative CSR (Freestyle:  $M = 1.76, SD = 1.28$ ). These findings supported

the hypotheses 3d, that the influence of CA on a consumer's willingness to pay premium price is higher when CSR is positive than negative.

Table 3-22

*Estimated marginal means for willingness to pay premium price (CA\*CSR)*

Scenarios	n	M	SD	SE	95% CI for Mean	
					Lower Bound	Upper Bound
Smartwear (CA=2 & CSR=2)	75	3.12	1.14	0.15	2.83	3.41
Normans (CA=2 & CSR=1)	77	2.23	1.33	0.14	1.95	2.52
Spinard (CA=1 & CSR=2)	76	2.00	1.29	0.15	1.72	2.29
Freestyle (CA=1 & CSR=1)	76	1.76	1.28	0.15	1.48	2.05
Total	304	2.28	0.59			

Table 3-23

*Univariate Analysis of Variance: tests of between-subjects effects for willingness to pay premium price*

Source	df	SS	MS	F	p	$\eta^2$
Intercept	1	1579.11	1579.11	992.22	.000	.77
CA	1	48.07	48.07	30.20	.000	.09
CSR	1	23.96	23.96	15.06	.000	.05
CA * CSR	1	8.01	8.01	5.03	.026	.02
Error	300	477.45	1.59			

For positive CSR, willingness to pay premium price reported higher mean where CA was positive (Smartwear:  $M = 3.12$ ,  $SD = 1.14$ ) than negative CA (Spinard:  $M = 2.00$ ,  $SD = 1.29$ ). Similarly, for negative CSR, willingness to pay premium price reported higher mean where CA was positive (Normans:  $M = 2.23$ ,  $SD = 1.33$ ) than negative CA (Freestyle:  $M = 1.76$ ,  $SD = 1.28$ ).

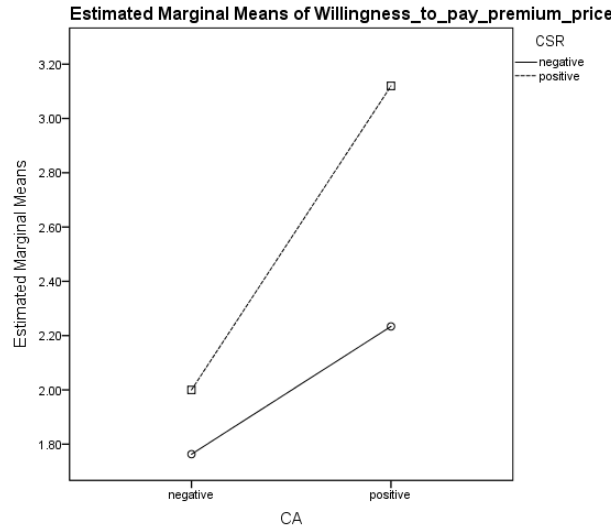


Figure 3-4. Estimated marginal means of willingness to pay premium price resulted from varying levels of CA and CSR.

These findings supported the hypotheses 4d, that the influence of CSR on a consumer's willingness to pay premium price is higher when CA is positive than negative. Therefore, there was a significant CA by CSR interaction effect on willingness to pay premium price,  $F(1,300) = 5.03, p = .026$ . Table 3-24 presented the summary of the hypotheses testing results.

Table 3-24

*Summary of results for hypotheses testing*

Hypotheses	Description	Results
H1a	CA influences a company's managerial capability	Supported
H1b	CA influences a company's market position	Supported
H1c	CA influences a consumer's willingness to purchase	Supported
H1d	CA influences a consumer's willingness to pay premium price	Supported
H2a	CSR influences a company's managerial capability	Supported
H2b	CSR influences a company's market position	Supported
H2c	CSR influences a consumer's willingness to purchase	Supported
H2d	CSR influences a consumer's willingness to pay premium price	Supported

Table 3-24 (continued)

*Summary of results for hypotheses testing*

Hypotheses	Description	Results
H3a	The influence of CA on a company's managerial capability is higher when CSR is positive than negative.	Supported
H3b	The influence of CA on a company's position in the market is higher when CSR is positive than negative.	Supported
H3c	The influence of CA on a consumer's willingness to purchase is higher when CSR is positive than negative.	Supported
H3d	The influence of CA on a consumer's willingness to pay premium price is higher when CSR is positive than negative.	Supported
H4a	The influence of CSR on a company's managerial capability is higher when CA is positive than negative.	Supported
H4b	The influence of CSR on a company's position in the market is higher when CA is positive than negative.	Supported
H4c	The influence of CSR on a consumer's willingness to purchase is higher when CA is positive than negative.	Supported
H4d	The influence of CSR on a consumer's willingness to pay premium price is higher when CA is positive than negative.	Supported

## CHAPTER IV

### RESULTS AND DISCUSSION

#### Overview

The purpose of this chapter was to present discussion on the findings based on the statistical analysis and arguments for every research objectives compared to the findings from earlier studies. The study addressed the following research objectives:

1. To explore the influence of CA as a dimension of corporate image on achieving apparel companies' competitive advantage,
2. To explore the influence of CSR as a dimension of corporate image on achieving apparel companies' competitive advantage,
3. To explore the combined influence of CA and CSR as the two dimensions of corporate image on the managerial capability, market position of an apparel company, and consumers' purchase intentions,
4. To explore whether CA of an apparel company can compensate for a bad CSR and vice versa



## Discussion of research objectives

1. To explore the influence of CA as a dimension of corporate image on achieving apparel companies' competitive advantage,

The findings from the one-way ANOVA analysis of H1a to H1d indicated that CA as a dimension of corporate image had a significant influence on achieving apparel companies' competitive advantage. In the manipulated stimuli of the four company scenarios, CA incorporated information regarding product quality and performance characteristics, workers and machinery excellence for apparel manufacturing process, effectiveness of customer service, and concern for innovation. Across the four companies, the CA information received two valences: negative (CA=1) and positive (CA=2). Based on the information, the study utilized four measurement items for CA: product features (PF), manufacturing expertise (ME), customer service (CS), and technological innovation (TE).

In this study, competitive advantage of an apparel company was measured through four items: managerial capability, position in the market, willingness to purchase, and willingness to pay premium prices. The results showed that the average values of competitive advantage measurement items were higher for Smartwear and Normans company scenarios where CA was positive (managerial capability:  $M = 3.39$ , position in the market:  $M = 3.63$ , willingness to purchase:  $M = 3.07$ , and willingness to pay premium prices:  $M = 2.67$ ). However, the average values of competitive advantage measurement items were lower for Spinard and Freestyle company scenarios where CA was negative (managerial capability:  $M = 2.47$ , position in the market:  $M = 2.19$ , willingness to purchase:  $M = 2.33$ , and willingness to pay premium price:  $M = 1.88$ ). The findings indicated that apparel companies with higher corporate ability are able to achieve greater competitive advantage in the market. According to Berens et al. (2005), CA attributes of a company allow consumers to both involve with and evaluate a product. From the

perspective of apparel companies, product features and customer service could be considered as the two most important CA attributes. An apparel company having excellence in these attributes could expect to generate more sales revenue than others – an indicator to gain competitive edge over others (Arrigo, 2013; Chang, 2011). Further promotion on product innovativeness and skills in manufacturing could have significant influence on corporate reputation (Brown & Dacin, 1997), which could lead to competitive advantage. Brown and Dacin (1997) also suggested a company with poor or negative CA associations could recover its corporate image by introducing better CA attributes, which is crucial to survive in a competitive market. Hence, managerial emphasis on product features and quality, manufacturing expertise, improving customer service, and striving for technological innovation can allow an apparel company to manifest better expertise in managing a business as well as to achieve a competitive position. Chang (2011) pointed out green product innovation as a significant way for a company to differentiate itself from others and become successful in a competitive market. Moreover, with companies striving for higher corporate ability measures, consumers' purchasing intentions may increase. Consumers may be more likely to purchase products from such companies, even with a premium pricing options, than companies with lower corporate ability. Porter (1985) demonstrated that uniqueness in corporate attributes offers price premiums as a source of competitive advantage. Gupta (2002) also found a similar relationship between CA and consumers' willingness to purchase and willingness to pay premium prices, as sources of competitive advantage. Later, Mayard (2007) documented the importance of CA attributes to achieve competitive advantage in terms of purchase intention from both consumers' and corporate professionals' perspective, further supported by Lin et al. (2011). If consumers find a company that offers good product quality and faster customer services, their identification with that company would likely be strengthened and therefore consumers would be more willing to purchase products from such company (Huang et al., 2014). The findings of this study supported the above argument, showing competitive advantage of apparel companies with positive CA over companies with negative CA. All the

hypotheses from H1a to H1d were supported, which means CA influences the managerial capability, and position in the market of an apparel company, while also influences consumers' willingness to purchase, and willingness to pay premium price. However, further research would be required to generalize the findings of this study .

2. To explore the influence of CSR as a dimension of corporate image on achieving apparel companies' competitive advantage,

The findings from the one-way ANOVA analysis of H2a to H2d indicated that CSR as a dimension of corporate image had a significant influence on achieving apparel companies competitive advantage. In the manipulated stimuli of the four company scenarios, CSR incorporated information regarding working environment in the contracted factories, efficiency in recycling and energy consumption, payment and benefits for employees, and community development initiatives. Across the four companies, the CSR information was created with two valences: negative (CSR=1) and positive (CSR=2). Based on the information, the study utilized four measurement items for CSR: environmental concern (EC), working environment (WE), employee treatment (ET), and corporate giving (CG). The results showed that the average values of competitive advantage measurement items were higher for Smartwear and Normans company scenarios where CSR was positive (managerial capability:  $M = 3.93$ , position in the market:  $M = 3.07$ , willingness to purchase:  $M = 3.18$ , and willingness to pay premium price:  $M = 2.56$ ). However, the average values of competitive advantage measurement items were lower for Spinard and Freestyle company scenarios where CA was negative (managerial capability:  $M = 1.94$ , position in the market:  $M = 2.76$ , willingness to purchase:  $M = 2.23$ , and willingness to pay premium price:  $M = 2.00$ ). The findings indicated that apparel companies with positive CSR attributes might be able to achieve greater competitive advantage than companies with negative CSR attributes. Compared to the influence of CA, a significant difference was observed between

the managerial capabilities of companies with positive and negative CSR (Table 3-15). It could be inferred that CSR may play a more significant role in sustaining better managerial capability than CA, since CSR primarily deals with the operational expertise of a company. If an apparel company focuses on improving working environment of their contracted factories, reducing negative environmental impact, maintaining better employee facilities, and contributing more to the community, better expertise in managing a business as well as achieving a competitive position would be possible. Lin et al. (2011) also suggested that through emphasized concern on environmental issues and social charity, a company would be able to improve consumers' corporate evaluation which could potentially lead to competitive advantage. Organizational involvement in CSR could add more value to a company's corporate reputation that helps to sustain competitive advantage. (Ding, Ferreira & Wongchoti, 2016; McWilliams & Siegel, 2011). Supporting this finding, Saeidi et al. (2015) further added that CSR attributes not only ensures a good position in an extremely competitive market but also improves financial performance through sustainable competitive advantage.

Earlier, Brown and Dacin (1997) demonstrated that CSR had little significance on consumers' purchase intentions. However, findings from this study indicated that consumers might be likely to purchase products from apparel companies, even with a premium pricing option, who engage actively in CSR activities, than companies with lower CSR attributes. These outcomes are consistent with the findings from Gupta (2002) and Mayard's (2007) study. In their study, Gupta (2002) and Mayard (2007) also found similar influence of CSR on consumers' willingness to purchase and willingness to pay premium price, as sources of competitive advantage. Consumers' purchase intentions could be significantly influenced through companies' involvement in environmental and philanthropic CSR activities (Drumwright, 1994; Esmailpour & Barjoei, 2016; Huang et al., 2014; Mohr & Webb, 2005; Rodrigues & Borges, 2015). In consistence with these earlier findings, this study documented that consumers would be more willing to purchase apparel products from a company that incorporates such CSR strategies than

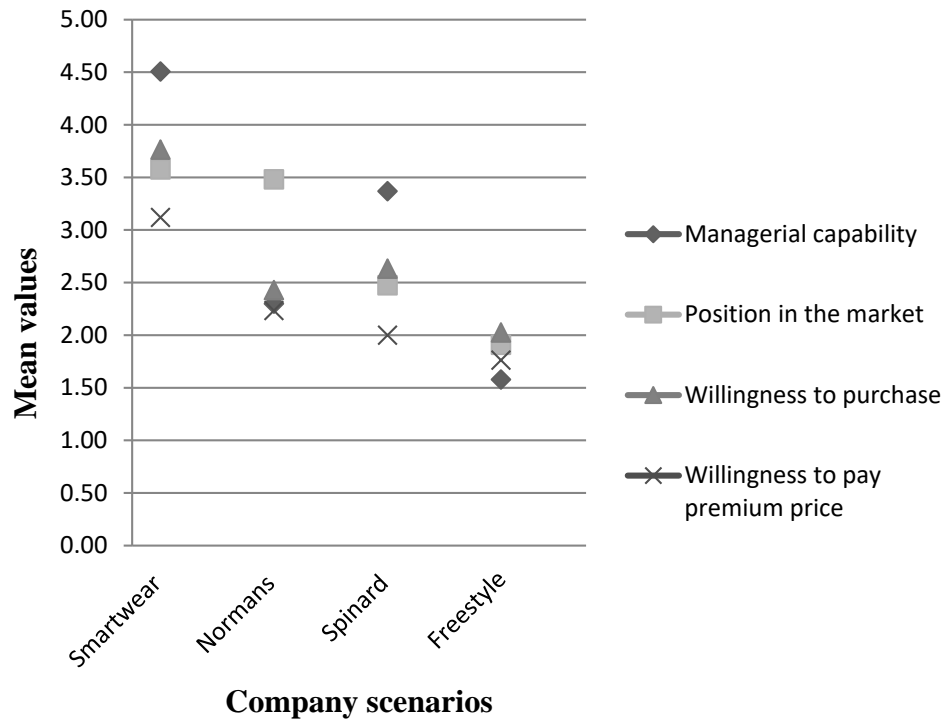
one that does not. The above argument provides several directions for the corporate professionals to follow. Apparel companies need to consistently look for strategies to minimize energy consumption from natural resources and develop infrastructures for large scale recycling practices. Standard labor laws along with maximum safety protocols should be ensured in the contracted factories. Moreover, the companies should maintain equitable pay distribution among diverse employees to secure a health environment in the workplace. Corporate giving to community development programs and charity donations could also improve the corporate image of an apparel company significantly. Combining all these factors, an apparel company would be able to achieve competitive edge in the ever-increasing apparel industry. However, effective communication strategies would be required to inform the consumers and therefore leverage from these CSR involvements.

3. To explore the combined influence of CA and CSR as the two dimensions of corporate image on the managerial capability, market position of an apparel company, and consumers' purchase intentions,

This study provided important findings regarding the interaction effect of CA and CSR on competitive advantage measurement items. Earlier, Gupta (2002) found no significant interaction between CA and CSR; therefore, CA and CSR combined providing no contribution to competitive advantage. Gupta (2002) referred this insignificant interaction to the utility of the product type where CSR had little to no significance in consumers' purchase intentions. Later, in similar research context with two perspectives (consumers and corporate leaders), Mayard (2007) demonstrated that CA and CSR combined had more influence on competitive advantage than CA and CSR individually. Mayard (2007) also added that CA had a higher influence on competitive advantage when CSR was positive than negative, and vice versa. However, no studies were found that studied the combined influence of CA and CSR on the managerial capability and position the

market of an apparel company as measurement items of competitive advantage. Moreover, the apparel industry is diverse due to the complex nature of business, diversity of apparel products, multi-faceted consumer behavior regarding apparel products and engagement with the companies, and socio-economic involvement by the companies. Therefore, this study found interactions between CA and CSR, and their combined influence on achieving competitive advantage.

The findings from the two-way univariate ANOVA analysis on H3a, H3b, H4a, and H4b indicated that CA and CSR combined had significant influence on an apparel company's managerial capability and position in the market. Although both Smartwear and Normans companies had positive CA, Smartwear company showed excellent managerial capability and a stronger market position since it also had positive CSR, compared to Normans with negative CSR (Table 4-1). Similarly, both Spinard and Freestyle companies had negative CA; however, Spinard's positive CSR accounted for the company's comparatively higher managerial capability and market position than Freestyle, which had negative CSR (Figure 4-1). Similar results were observed for companies that had same CSR valences with different CA valences. In addition to the findings from Mayard's (2007) study, these findings provided adequate evidence that the influence of either CA or CSR on an apparel company's managerial capability and position in the market is significantly higher when the other one is positive than negative. Hence, H3a, H3b, H4a, and H4b were supported. Table 4-1 and Figure 4-1 also implicated that for an apparel company to ensure better managerial capability, excellence on the CSR attributes could be more influential than CA attributes. On the contrary, since CA attributes are tangible features and therefore more apparent, CA could play more significant role for an apparel company to achieve a competitive position in the market. A company that excels in both CA and CSR could not only have the leading position in the market but could also pose better managerial expertise than others (Figure 4-1).



*Figure 4-1.* Mean values of competitive advantage measurement items across four company scenarios (CA\*CSR).

According to Table 4-1, both Smartwear and Normans companies had positive CA; however, consumers showed more willingness to purchase, even with price premiums, from Smartwear company than Normans did. Smartwear company's competitive advantage over Normans could be attributed to Smartwear's positive CSR association while Normans had negative CSR. Additionally, Spinard Company achieved a competitive edge over Freestyle in terms of willingness to purchase and willingness to pay premium price due to Spinard's positive CSR compared to Freestyle's negative CSR; both the company having negative CA (Table 4-1). Similar results were observed for the same companies that had same CSR valences with different CA valences. According to Table 4-1, among the two companies that had positive CSR, the one with positive CA (Smartwear) appeared to have competitive advantage over the other with negative CA (Spinard). In parallel with Mayard (2007), these findings provided evidence that the influence of either CA or CSR on an apparel company's willingness to purchase and willingness

to pay premium price is significantly higher when the other one is positive than negative. Hence, H3c, H3d, H4c, and H4d were supported. Further findings of this study implicated that, when comparing two companies that has expertise either in CA/CSR, consumers could be more willing to purchase apparel products from a company that has more expertise in CSR than CA. Such purchase intention could be referred to the consistent increase of consumer interest in apparel companies' ethical business practices. On the contrary, consumers' preference for higher quality products and services in case of premium pricing purchase could encourage them to choose a company that has better expertise in CA than CSR (Table 4-1).

These findings have several implications to consider. In the context of apparel industry, both CA and CSR could be important to achieve competitive advantage. Apparel companies with expertise in either CA/CSR might fall behind the one that excels in both CA and CSR. Such a company could also be able to develop a stronger corporate image, that could positively influence consumers' purchase intentions (Gürhan-Canli & Batra, 2004; Wilkins & Huisman, 2014). Huang et al. (2014) suggested that positive corporate image developed from organizational involvement in CA and CSR could result in increased sales and market share through positive word of mouth. Moreover, corporate reputation derived from a strong corporate image could significantly increase consumers' trust and identification, that could encourage consumers to buy from a company even with price premiums (Keh & Xie, 2009; Lin et al., 2011; Nguyen & Leblanc, 2001). Brown and Dacin (1997) demonstrated that consumers' knowledge of a company's CA and CSR information not only allows them to evaluate the company but also evaluate their products and services. This study also supported Brown and Dacin (1997) documenting the consumer perception of competitive advantage measurement items sourced from CA and CSR in different scenarios.



4. To explore whether CA of an apparel company can compensate for a bad CSR and vice versa,

Although Gupta (2002) and Mayard (2007) examined the individual and interaction effect of CA and CSR on achieving competitive advantage, none of the study attempted to find out whether positive attributes of one dimension (CA/CSR) could compensate for the negative attributes of another. The findings presented in Table 4-1 indicated that if a company had either positive CA/CSR, the company would have a competitive advantage over a company with both negative CA and CSR. Figure 2-1 to Figure 2-4 also supported that there was a tendency in increased marginal means for competitive advantage measurement items whenever at least one dimension of the corporate image (CA/CSR) was positive. Therefore, if an apparel company has either positive CA or positive CSR, it could compensate for a negative CSR, or CA, according to this study. However, for position in the market and willingness to pay premium price, excellence in CA appeared to be more important than CSR (Table 4-1). Therefore, to maintain a competitive position in the market and to increase consumers' willingness to pay premium price for a product, a company needs to focus more on the CA features, since a positive CSR might not compensate for negative CA in this case. Additionally, CSR appeared to have more potential than CA to provide competitive advantage in terms of managerial capability and consumers' willingness to purchase (Table 4-1). This finding indicated that only positive CA features might not compensate for a bad CSR if a company wants to exert better managerial capability than others or increase consumers' willingness to purchase. Therefore, if a company has low CSR engagement, the company could provide better quality product features, customer service, and exemplary manufacturing expertise. Similarly, a company's drawbacks for moderate product quality or services could emphasize concern for CSR involvement.

Table 4-1

*Aggregated mean statistics of the competitive advantage measurement items for four apparel companies (CA\*CSR)*

Items	Smartwear (positive CA & positive CSR)	Normans (positive CA & negative CSR)	Spinard (negative CA & positive CSR)	Freestyle (negative CA & negative CSR)
Managerial capability	4.51	2.30	3.37	1.58
Position in the market	3.58	3.48	2.47	1.91
Willingness to purchase	3.76	2.43	2.63	2.03
Willingness to pay premium price	3.12	2.23	2.00	1.76

Berens et al. (2007) suggested conditions where CSR or CA could compensate for a bad CA or CSR. According to Berens et al. (2007), CSR could compensate for a bad CA when consumers look for stock or job related information in a company. Such information could possibly refer to a company's managerial expertise where CSR might have a more important role to play. In that sense, this study supported the findings from Berens et al.'s (2007) study. However, CA appeared to be the only preferable dimension for product evaluation, and strong CSR could not influence consumers' purchase intentions, according to Berens et al.'s (2007). In comparison to latter finding, this study documented that consumers would be willing to purchase apparel products from a company with positive CSR and negative CA. A company's involvement in CSR activities with a poor CA expertise could provide scope for investment from the stakeholder which the company could utilize to improve its CA associations (Berens et al., 2007). Therefore, further research would be required to examine conditions under which apparel companies' expertise in either CA or CSR dimension could potentially compensate poor expertise in other dimension.

## CHAPTER V

### CONCLUSION

#### Overview

Based on the theoretical framework from Gupta's (2002) study, this study utilized a quantitative experimental research design to analyze the influence of corporate ability (CA) and corporate social responsibility (CSR), as two dimensions of the corporate image, on the competitive advantage of an apparel company. A firm's primary sources of profitability are its organizational resources and capabilities, based on which the firm should construct corporate strategies and develop corporate image (Grant, 1991). Nguyen and Leblanc (2001) documented the high relevance of corporate image to attract new investors and encourage consumers for price premiums. To stay competitive within a market, a company should consistently review current strategies with existing resources and strive for prospective opportunities that could provide competitive superiority (Day & Wensley, 1988). Such superiority also allows a company to generate greater customer value and provide customer satisfaction through improved product quality and services at a lower cost (Saeidi et al., 2015).

The research design incorporated four hypothetical US-based apparel companies

(Smartwear, Spinard, Normans, and Freestyle). The hypothetical apparel companies contained identical CA and CSR information in varying levels of valences (positive and negative). Drawing two indicators of competitive advantage from Gupta's (2002) study (willingness to purchase and willingness to pay premium price), this study incorporated two new indicators to examine consumers' perceived managerial capability and market position of an apparel company. The findings from such research design provided empirical evidence on the importance of both CA and CSR on achieving apparel companies' competitive advantage. Moreover, the results from the hypotheses testing presented two new insights. First, competitive advantage of apparel companies could differ with varying levels of CA and CSR. Secondly, high expertise in one dimension (CA or CSR) could have the potential to compensate for the poor expertise in another dimension. In addition to the argument presented with previous studies, the study also documented the relevance of the CA and CSR attributes utilized in this research context regarding how they can act as the sources of competitive advantage as well as corporate evaluation for apparel companies. According to Yamin, Gunasekaran and Mavondo (1999), a company can differentiate itself from other companies through several CA associations (unique product quality, customer service, innovation skills etc.) and therefore achieve competitive advantage. However, compared to the tangibility of the corporate ability features, organizational involvement in socially responsible activities might not be apparent since they could not be directly traded in the market, according to McWilliams and Siegel (2011). Identification of particular societal issues that a company could effectively address and gain competitive advantage from, is therefore important (Porter & Kramer, 2006). Public advertisement of social goods is of undeniable importance to derive customer value from such activities and improve corporate image (Marquina Feldman & Vasquez-Parraga, 2013; McWilliams & Siegel, 2011). Brown and Dacin (1997) suggested that CA and CSR significantly influence consumers' evaluation of a product and a company. Moreover, a balanced combination of CA and CSR attributes allows a company to both attract

new consumers through powerful value proposition and reduce competitiveness on product price (Marquina Feldman & Vasquez-Parraga, 2013).

#### Theoretical implication of the study

The study adopted the theoretical framework from Gupta's (2002) study since CA and CSR, the two dimensions of corporate image as sources of competitive advantage were first introduced in Gupta's (2002) study. In the context of apparel industry, this theoretical framework successfully explored the influence of corporate image on competitive advantage. Several research studies have discussed the importance of apparel companies' CSR on consumer behavior aspects. However, no studies properly addressed how the interaction of CA and CSR could allow apparel companies to achieve a competitive position in the market and exert better organizational expertise as means of competitive advantage. Additionally, consumers purchase intentions as indicators of competitive advantage were not found in any study. This study documented that individual role of CA and CSR significantly influences apparel companies' managerial capability, market position, and consumers' purchase intentions. The study contributed to the existing literature through the effective documentation of the interaction of CA and CSR as apparel companies' sources of competitive advantage. For a company to sustain competitive advantage with a leadership position in the industry, excellence in both CA and CSR dimensions would be of profound importance. When a company maintains expertise in both CA and CSR, it would be able to develop both a stronger corporate image and an elevated corporate reputation. In times of financial crisis or new product development, companies could create advantage from such corporate image and reputation. The study also documented competitive advantages for apparel companies with varying levels (positive and negative) of CA and CSR association, and how these levels could impact the different attributes of competitive advantage. Moreover, this study presented situations where CA and CSR could potentially compensate for one another. Excellence in CSR attributes could compensate for a poor CA if an apparel company wants to

achieve competitive advantage in terms of better managerial capability, or increased consumers' willingness to purchase. On the other hand, expertise in CA attributes could compensate for a low CSR involvement by a company to ensure a competitive market position and encourage consumers to price premium purchases. Finally, the study provided evidence that apparel companies could receive higher corporate evaluation if they excel in both CA and CSR dimensions.

### Managerial implications

The study demonstrated the importance of similar investment in both CA and CSR for an apparel company to have competitive edge over its competitors. While excellence in one dimension (either CA or CSR) could influence competitive advantage, a company excelling in both CA and CSR may have advantages in maintaining competitive advantage. (Figure 4-1). Findings from the study showed that apparel companies could leverage from positive CA and positive CSR to exert better managerial capability and secure a competitive position in the market. Therefore, an implication for the managers could be developing the CA and CSR dimensions based on the attributes incorporated in this study. Several measures could be taken to improve the CA association of an apparel company. Apparel product features could incorporate eco-friendly and high quality raw materials that would significantly increase product durability and offer superior performance. Effectiveness of customer service could be increased through faster product delivery, online customer support, and better orientations of products in stores. Continuous strive for sustainable product innovation could be another way to excel in CA dimension for an apparel company. As for CSR, the most important attribute could be how much concerned a company is about the environment and what the company is doing to protect the environment. To minimize the environmental footprint, a company could focus on waste management and recycling practices. Further measures could include establishment of equitable pay distribution among the employees, workplace safety and conservation of labor laws in the

manufacturing factories operated by the apparel companies. Moreover, sponsoring in community development programs and charity donations could also strengthen corporate image of an apparel company. In addition, consumers' purchase intentions were found to be significantly influenced by an apparel company's CA and CSR. While a company's CA attributes are mostly tangible features, CSR strategies are more organization associated and therefore, less exposed to the consumers. Hence, apparel companies need effective communication of their CSR strategies to the consumers through proper channels, such as newspapers, periodicals, social media, advertisements in stores and TV. Involvement in CSR activities might result in no competitive advantage to a company without the publicity of such involvement. Apparel companies like Nike, Patagonia, GAP, J.C. Penny etc. publish their CSR activities in their annual corporate report. Therefore, apparel companies need to develop expertise in both CA and CSR associations not only to establish better corporate image but also to achieve competitive advantage.

#### Limitation of the study

A major limitation of the study could be referred to the scope of generalizability of the research findings. The study utilized a convenience sampling from a population of students, staff, employees, and faculties of a large Midwestern university. The demographic variances among the samples does not represent the entire US population, which restricts the generalizability of the results. However, the response rate of the online survey was very low (7.32%) due to the limited timeframe given for data collection. A higher response rate could have resulted in more significant research findings. Although responses reflected participants from different demographic backgrounds, it is possible that participants who were familiar with such business concepts only participated in the study. On the contrary, participation from people with limited concern or interest in such studies might have resulted in different outcomes.

Another limitation of the study was the presentation of the manipulated stimuli with CA and CSR information. Through the scenarios, the participants were provided with distinctive CA and CSR information that allowed them to evaluate a company's CA and CSR strategies. However, in real life situations, it is necessary to examine to what degree consumers' decision-making process is influenced by an apparel company's CSR involvement, or other CA features (e.g. manufacturing expertise, financial expertise etc.). It is possible that every apparel company might not have expertise in all the items incorporated for CA and CSR in this study. Therefore, research outcomes could be different considering the possibility of different valences within a construct. Moreover, the measurement items for both of the constructs (CA and CSR) contained one single survey question for each of the items, which can be considered as another potential limitation.

#### Recommendations for future research

An important recommendation for future research will be the inclusion of industry professionals from the apparel companies. A comparative study of the corporate samples and consumers in general will provide better insights of their perception of competitive advantage. In addition, utilization of other measurement items from earlier studies (e.g. leadership strategy, differentiation strategy, growth of the company, strategic planning, time to market etc.) can be employed to measure competitive advantage of apparel companies. Incorporation of these measurement items will provide a better understanding of how apparel companies respond to a continuously changing competitive market with their investment in CA and CSR.

Another significant direction of future research can include insights from a cross-cultural perspective. Compared to the consumers from developed countries who are exposed to numerous renowned apparel companies, the prevalence of such companies in developing countries are very limited. In such cases, consumer response to the interaction of CA and CSR could be significantly



different. Moreover, corporate professionals from the apparel manufacturing industries can also provide valuable information on the existing CA and CSR strategies adopted by the apparel companies at the manufacturing level. To proceed with such study, the research design could be modified with CA and CSR information from an apparel manufacturing perspective and the sampling procedure could include professionals from apparel manufacturing industries.

Based on the manipulated stimuli of four hypothetical US-based apparel companies, the study documented significant findings on how apparel companies can achieve competitive advantage through CA and CSR. However, more validated research outcomes can be expected if similar research design can be developed with scenarios from existing apparel companies. Therefore, another stream of research could focus on a case study approach of existing apparel companies, who have similar information of CA and CSR with different valences. In real life practice, apparel companies might exist that different valences within a particular dimension (CA or CSR). For example, a company might offer good product features and quality but lacks in providing good consumer support, or product innovation. Similarly, companies might contract with factories that pose minimum threat to the environment; however, show reluctance to involve in community development or charity donations. Hence, research focus can stem from this complication that how apparel companies that possess different valences for CA or CSR can achieve competitive advantage.

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## APPENDIX A

### INFORMED CONSENT

## Appendix F

### INFORMED CONSENT

**Title:** Corporate Ability and Corporate Social Responsibility: a study on how they influence competitive advantage of an apparel company.

**Researcher:** SHEIKH SHAHED UDDIN

Master's student, Design, Housing and Merchandising, Oklahoma State University

**Purpose:** The purpose of the research study is to measure your opinions about corporate abilities and social responsibility.

**What to Expect:** You are being asked to participate in an online survey. You will be asked to read a company narrative and then answer a short survey. The survey will take approximately 10-15 minutes to complete. You must be 18 years of age to participate in this research study.

**Risks and Compensation:** There are no risks associated with this completing this survey. You will not be compensated for participating in this experiment.

**Your Rights and Confidentiality:** Your participation in this research is voluntary. There is no penalty for refusal to participate, and you are free to withdraw your consent and participation in this project at any time. The records of this study will be kept private. Any written results will discuss group findings and will not include information that could be used to identify you as a participant. Research records will be stored on a password protected computer in encrypted form. Only the researcher and principal investigator will have access to the records.

**Contact information for questions and concerns:**

If you have concerns or questions about this study such as scientific issues, how to do any part of it, or to report an injury, please contact the researcher (Sheikh Shahed Uddin, shahed.uddin@okstate.edu, (405) 414-7419). You may also contact the principal investigator Greg Clare, PhD (greg.clare@okstate.edu, (405) 744-4312, 440 Human Sciences, Oklahoma State University, Stillwater OK 74078). If you have questions about your rights as a research volunteer, you may contact the IRB Office at 223 Scott Hall, Stillwater, OK 74078, 405-744-3377 or irb@okstate.edu.

**If you choose to participate:** By clicking "yes" below, you acknowledge that you have read this form and voluntarily agree to participate in this research study. You also acknowledge that you are at least 18 years of age.

**Do you wish to participate in this study?**



## APPENDIX B

### RECRUITMENT SCRIPT

Hello,

I am Master's student of Design, Housing and Merchandising at Oklahoma State University. It is my pleasure to inform you about an opportunity to participate in a research study that I am conducting for my Master's thesis. The title of the research study is "Corporate Ability and Corporate Social Responsibility: a study on how they influence competitive advantage of an apparel company". The study will attempt to measure the impact of the organizational expertise and socially responsible activities of an apparel company on its competitive advantage over other companies. Since apparel products are indispensable for our daily lives, this study will help me better understand consumers' perception of apparel companies' activities and what strategies might be required for the apparel companies to achieve competitive advantage.

The research study will utilize an online survey that contains a set of self-administered questionnaires. The study will take approximately 10-15 minutes to complete. If you agree to proceed with the survey, you'll be asked to read a brief profile of an apparel company, and then analyze several dimensions of organizational expertise, socially responsible actions and competitive advantage of that company.

If you are willing to participate in this study, please click the link below. I will appreciate your consideration to participate in this study. Thank you for your valuable time.

To take the survey, please click here: Competitive advantage of an apparel company

Or, simply copy and paste below link into your internet browser:

[https://okstateches.sz1.qualtrics.com/jfe/form/SV\\_2oFwgrkDehIQI7](https://okstateches.sz1.qualtrics.com/jfe/form/SV_2oFwgrkDehIQI7)

Sincerely yours,

Sheikh Shated Uddin  
Graduate Student  
Design, Housing and Merchandising  
Oklahoma State University  
E-mail: shated.uddin@okstate.edu



## APPENDIX C

### INSTITUTIONAL REVIEW BOARD (IRB) APPROVAL

Oklahoma State University Institutional Review Board

Date: Monday, November 20, 2017  
IRB Application No: HE1760  
Proposal Title: Corporate Ability and Corporate Social Responsibility: a study on how they influence the competitive advantage of an apparel company  
Reviewed and Processed as: Exempt  
Status Recommended by Reviewer(s): Approved Protocol Expires: 11/15/2020  
Principal Investigator(s):  
Sheikh Shahed Uddin Greg Clare  
440 Human Sciences  
Stillwater, OK 74078 Stillwater, OK 74078

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The IRB application referenced above has been approved. It is the judgment of the reviewers that the rights and welfare of individuals who may be asked to participate in this study will be respected, and that the research will be conducted in a manner consistent with the IRB requirements as outlined in section 45 CFR 46.

☐ The final versions of any printed recruitment, consent and assent documents bearing the IRB approval stamp are attached to this letter. These are the versions that must be used during the study.

As Principal Investigator, it is your responsibility to do the following:

1. Conduct this study exactly as it has been approved. Any modifications to the research protocol must be submitted with the appropriate signatures for IRB approval. Protocol modifications requiring approval may include changes to the title, PI advisor, funding status or sponsor, subject population composition or size, recruitment, inclusion/exclusion criteria, research site, research procedures and consent/assent process or forms.
2. Submit a request for continuation if the study extends beyond the approval period. This continuation must receive IRB review and approval before the research can continue.
3. Report any adverse events to the IRB Chair promptly. Adverse events are those which are unanticipated and impact the subjects during the course of the research; and
4. Notify the IRB office in writing when your research project is complete.

Please note that approved protocols are subject to monitoring by the IRB and that the IRB office has the authority to inspect research records associated with this protocol at any time. If you have questions about the IRB procedures or need any assistance from the Board, please contact Dawnett Watkins 219 Scott Hall (phone: 405-744-5700, dawnett.watkins@okstate.edu).

Sincerely,  
  
Hugh Crethar, Chair  
Institutional Review Board



## APPENDIX D

### SCENARIOS AND QUESTIONNAIRE

## Corporate Ability and Corporate Social Responsibility: a study of competitive advantage

### Survey Flow

BlockRandomizer: 1 - Evenly Present Elements

Block: Block 1 (12 Questions)

Block: Block 2 (12 Questions)

Block: Block 3 (12 Questions)

Block: Block 4 (12 Questions)

### BLOCK 1--PARTICIPANT GROUP 1

Q1 Please read the below corporate information carefully:

Smartwear is a fashion apparel company established in early 2000. Smartwear demonstrates corporate ability (CA) in several ways, for example, incorporation of environmentally preferred materials in apparel products that offer superior performance. According to the 2015-16 FY report, Smartwear's factories possessed well-experienced, skilled workers and the latest types of machinery and equipment to ensure better apparel manufacturing processes. Over past 5 years, the company maintained highly efficient customer service, especially in its online business through faster product delivery and customer support. By 2020, Smartwear is planning to double its business by demonstrating sustainable innovation as a powerful engine for market growth. As evidence for corporate social responsibility (CSR), 85% of Smartwear's factories preserved workers' rights and ensured better working conditions, according to the 2015-16 FY report. Since 2010, Smartwear's factories have dramatically reduced waste and carbon emissions by recycling plastic bottles and reducing energy consumption. Moreover, the company ensures that its highly diverse employees receive equitable pay and family care benefits globally. In 2013, Smartwear sponsored a community development program in its global contracted factories to provide a sustainable career pathway for the workers to support their families while increasing financial well-being outside of the factory.

## BLOCK 2—PARTICIPANT GROUP 2

Q1 Please read the corporate information below carefully:

Spinard is a fashion apparel company established in early 2000. Spinard demonstrates corporate ability (CA) in several ways, for example, incorporation of low quality as well as unsustainable materials in apparel products that offer poor performance. According to the 2015-16 FY report, Spinard's factories possessed less-experienced, unskilled workers and backdated machinery and equipment for the apparel manufacturing process. Over past 5 years, the company struggled with ineffective customer service, especially in its online business through delayed product delivery and customer support. By 2020, Spinard is expecting a 5% decrease in business due to its sluggishness in sustainable innovation. As evidence for corporate social responsibility (CSR), 85% of Spinard's factories preserved workers' rights and ensured better working conditions, according to the 2015-16 FY report. Since 2010, Spinard's factories have dramatically reduced waste and carbon emissions through recycling practices and reducing energy consumption. Moreover, the company ensures that its highly diverse employees receive equitable pay and family care benefits globally. In 2013, Spinard sponsored a community development program in its global contracted factories to provide a sustainable career pathway for the workers to support their families while increasing financial well-being outside of the factory.

## BLOCK 3—PARTICIPANT GROUP 3

Q1 Please read the corporate information below carefully:

Normans is a fashion apparel company established in early 2000. Normans demonstrates corporate ability (CA) in several ways, for example, incorporation of environmentally preferred materials in apparel products that offer superior performance. According to the 2015-16 FY report, Normans' factories possessed well-experienced, skilled workers and the latest types of machinery and equipment to ensure better apparel manufacturing processes. Over past 5 years, the company maintained highly efficient customer service, especially in its online business through faster product delivery and customer support. By 2020, Normans is planning to double its business by demonstrating sustainable innovation as a powerful engine for market growth. As evidence for corporate social responsibility (CSR), 85% of Normans' factories did not preserve workers' rights and maintained poor working conditions, according to the 2015-16 FY report. Since 2010, Normans' factories have failed to reduce waste and carbon emissions by not having any recycling practices, or energy conservation policies. Moreover, the company provides inequitable pay with minimal to no family care benefits among its highly diverse employees globally. Normans was disinterested in sponsoring any community development program in its global contracted factories to provide a sustainable career pathway for the workers.

#### BLOCK 4—PARTICIPANT GROUP 4

Q1 Please read the corporate information below carefully:

Freestyle is a fashion apparel company established in early 2000. Freestyle demonstrates corporate ability (CA) in several ways, for example, incorporation of low quality as well as unsustainable materials in apparel products that offer poor performance. According to the 2015-16 FY report, Freestyle factories possessed less-experienced, unskilled workers and backdated machinery and equipment for the apparel manufacturing process. Over past 5 years, the company struggled with ineffective customer service, especially in its online business through delayed product delivery and customer support. By 2020, Freestyle is expecting a 5% decrease in business due to its sluggishness in sustainable innovation. As evidence for corporate social responsibility (CSR), 85% of Freestyle's factories did not preserve workers' rights and maintained poor working conditions, according to the 2015-16 FY report. Since 2010, Freestyle's factories have failed to reduce waste and carbon emissions by not having any recycling practices, or energy conservation policies. Moreover, the company provides inequitable pay with minimal to no family care benefits among its highly diverse employees globally. Freestyle was disinterested in sponsoring any community development program in its global contracted factories to provide a sustainable career pathway for the workers.

Q2 Based on your opinions about the company, please respond to the following statements:

	Strongly Disagree (1)	Somewhat Disagree (2)	Neither Disagree nor Agree (3)	Somewhat Agree (4)	Strongly Agree (5)
I think the company provides excellent product features (1)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I think the company has expertise in clothing manufacturing (2)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I think the company provides excellent customer	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

service in  
terms of online  
shopping (3)

I think the  
company is  
concerned  
about  
innovation (4)

☐☐☐☐☐

Q3 Based on your opinions about the company, please respond to the following statements:

Strongly Disagree (1)	Somewhat Disagree (2)	Neither Disagree nor Agree (3)	Somewhat Agree (4)	Strongly Agree (5)
--------------------------	--------------------------	--------------------------------------	-----------------------	-----------------------

I think the  
company is  
concerned  
about the  
environmental  
issues and  
thereby acts  
responsibly (1)

☐☐☐☐☐

I think the  
company  
ensures better  
working  
environment  
for its workers'  
(2)

☐☐☐☐☐

I think the  
company  
treats it  
employees  
well (3)

☐☐☐☐☐

I think the  
company gives  
back to its  
surrounding  
community (4)

☐☐☐☐☐

Q4 Based on your opinions about the company, please respond to the following statements:

	Strongly Disagree (1)	Somewhat Disagree (2)	Neither Disagree nor Agree (3)	Somewhat Agree (4)	Strongly Agree (5)
I think the company is capable of doing business in a responsible way (1)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I think the company maintains a strong position in the apparel market (2)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I might purchase an apparel product from this company (3)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I might purchase a high priced apparel product from this company (4)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Page Break

Q5 Based on the above information, please provide your overall evaluation of the (company name) company:

	Very Unfavorable (1)	Unfavorable (2)	Neutral (3)	Favorable (4)	Very Favorable (5)
Corporate Ability of this company is - (1)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Corporate Social Responsibility of this company is - (2)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Page Break

Q6 What is your sex?

☐ Male (1)

☐ Female (2)

Q7 Which age category you best fit in?

☐ 18-24 years

☐ 25-34 years

☐ 35-44 years

☐ 45-54 years

☐ 55-64 years

☐ 65 years and above

Q8 What is the highest level of school you have completed or the highest degree you have received?

☐ Less than high school degree (1)

☐ High school graduate (high school diploma or equivalent including GED) (2)

☐ Some college but no degree (3)

☐ Associate degree in college (2-year) (4)

☐ Bachelor's degree in college (4-year) (5)

☐ Master's degree (6)

☐ Doctoral degree (7)

☐ Professional degree (JD, MD) (8)



Q9

Please indicate the answer that includes your entire household income in (previous year) before taxes.

- ☐ Less than \$10,000 (1)
- ☐ \$10,000 to \$19,999 (2)
- ☐ \$20,000 to \$29,999 (3)
- ☐ \$30,000 to \$39,999 (4)
- ☐ \$40,000 to \$49,999 (5)
- ☐ \$50,000 to \$59,999 (6)
- ☐ \$60,000 to \$69,999 (7)
- ☐ \$70,000 to \$79,999 (8)
- ☐ \$80,000 to \$89,999 (9)
- ☐ \$90,000 to \$99,999 (10)
- ☐ \$100,000 to \$149,999 (11)
- ☐ \$150,000 or more (12)

Page Break

VITA

SHEIKH SHAHED UDDIN

Candidate for the Degree of

Master of Science

Thesis: CORPORATE ABILITY AND CORPORATE SOCIAL RESPONSIBILITY: A  
STUDY ON HOW THEY INFLUENCE THE COMPETITIVE ADVANTAGE  
OF AN APPAREL COMPANY

Major Field: Design, Housing and Merchandising

Biographical:

Education:

Completed the requirements for the Bachelor of Science in Textile Engineering  
at Bangladesh University of Textiles, Dhaka, Bangladesh in 2015.

Experience:

Graduate Teaching Assistant at Oklahoma State University, Stillwater,  
Oklahoma

Junior Merchandiser at Ananta Group, Gazipura, Bangladesh

Junior Merchandiser at FCI Group, Savar, Bangladesh